

LYON COUNTY SCHOOL DISTRICT

***FINANCIAL STATEMENTS &
SUPPLEMENTARY INFORMATION***

Fiscal Year Ended

June 30, 2019

LYON COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
 Lyon County School District
 Yerington, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District, Yerington, Nevada (the District) as of and for the year ended June 30, 2019, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund, Special Education, Debt Service, and Bond Projects funds	Unmodified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions

The District became self-insured in January 2019 with respect to its employee health insurance. Because of the unavailability of certain reports related to claims paid and liabilities which may exist related to claims incurred but not reported, we were unable to form an opinion regarding the claims expense in the Internal Service Fund's statement of revenues, expenses, and fund net position.

It is not practicable to quantify the effects that this limitation may have on the governmental activities or on the aggregate remaining fund information.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" paragraph on the governmental activities and on the aggregate remaining fund information, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Lyon County School District as of June 30, 2019, and the respective changes in its 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.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund; Special Education Fund; Debt Service Fund; and Bond Projects Fund of the Lyon County School District as of June 30, 2019, and the respective changes in its financial position, and the respective budgetary comparison for the General Fund and the Special Education Fund 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 on pages 4-14; the Schedule of Changes in Net Other Postemployment Benefits Liability on page 65; and the schedules related to pension information on pages 66-67 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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 combining and individual nonmajor fund financial statements and schedules 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.

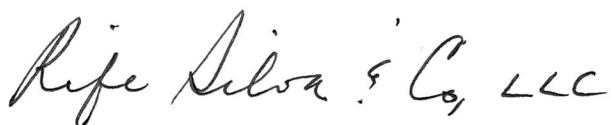
Prior Year Partial Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2018 and have issued our report thereon dated January 11, 2019, which expressed an unmodified opinion on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2018 is consistent with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2018 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2020, on our consideration of the 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 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 District's internal control over financial reporting and compliance.



Reno, Nevada
February 14, 2020

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This section of the Lyon County School District's annual financial report presents a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2019. We encourage readers to read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position (deficit) increased by \$6.5 million for FY19, compared to an increase of \$3.3 million in FY18.
- The District's governmental funds increased by \$2.4 million in FY19, compared to a decrease of \$3.1 million in FY18. The most significant change was realized by the General Fund, which increased by \$2.5 million for FY19, compared to a decrease in FY18 of \$2.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Lyon County School District's basic financial statements. The basic financial statements are comprised of the district-wide (sometimes referred to as "government-wide") financial statements, fund financial statements and schedules, and notes to the financial statements.

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In many government entities, the government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. Because the District has no functions in this category, the entire statement represents governmental activities.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements described above. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and district-wide statements, both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations between the two statement types.

The focus of the governmental fund statements is on major funds. The District has fifteen individual governmental funds of which the General, Special Education, Debt Service and Bonds Projects funds are considered major. These funds are disclosed separately in the fund balance sheet and fund statement of revenues, expenditures and changes in fund balances. The remaining twelve funds are reported in combining statements in the supplementary information section of this report.

The District adopts an annual budget for all its governmental funds. Budgetary comparison statements for the General and Special Education funds have been included in the basic financial statements to demonstrate compliance with the adopted budgets.

Proprietary Funds – Proprietary funds are comprised of enterprise funds and internal service funds. As reported previously, the District has no business-type activities to be accounted for in enterprise funds. Internal service funds are used to accumulate and allocate costs internally among the District's various programs and functions. The District uses three internal service funds to account for the cost of self-insuring employees' health care, industrial injuries, and unemployment benefits. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining statements in the supplementary information section of this report.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Fiduciary Funds – Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others and are not reflected in the district-wide financial statements. The District's two fiduciary funds are the Student Scholarship Fund, a private-purpose trust fund, and the Student Activity Accounts, an agency fund.

Notes to Financial Statements

The notes provide additional information that is necessary for a full understanding of the data provided in the district-wide and fund financial statements.

Supplementary Information

Supplementary information includes *required supplementary information* pertaining to the District's participation in Nevada PERS and information related to postemployment benefits. In addition, the District provides combining and individual fund statements and schedules, and budget to actual comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position (deficit) may serve over time as one useful indicator of a government's financial condition. The net position (deficit) includes the District's investment in capital assets less related outstanding debt that was issued to acquire the capital assets. As the District uses these capital assets to provide services to students, they are not available for future spending. As of June 30, 2019, the District's net investment in capital assets was \$66.5 million. Total net position (deficit) includes \$5.4 million restricted for servicing long-term debt; \$3.7 million restricted for capital projects that will not be paid through the use of the bond proceeds in the Bond Projects Fund, and \$2.1 million for employee benefit (insurance) programs.

As discussed in the MD&A for FY18, the negative net position can be attributed to the recording of a net pension liability and other postemployment benefits liability, as required by GASB Statements 68 and 75, respectively. Those liabilities and their related deferred outflows and inflows totaled \$100.5 million at year end.

Following is a summary of the District's net position (deficit) as of June 30, 2019 and 2018:

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

DISTRICT'S NET POSITION (DEFICIT)				
	2019	2018	Change	
		<i>(In Millions)</i>	\$	%
Assets				
Current assets	\$ 32.8	\$ 30.0	\$ 2.8	9.3%
Net capital assets	117.9	120.2	(2.3)	-1.9%
Total Assets	150.7	150.2	0.5	0.3%
Deferred Outflows	19.1	17.8	1.3	7.3%
Liabilities				
Current liabilities	12.1	12.8	(0.7)	-5.5%
Long-term liabilities	166.2	168.6	(2.4)	-1.4%
Total Liabilities	178.3	181.4	(3.1)	-1.7%
Deferred Inflows	7.2	8.8	(1.6)	-18.2%
Net Position (Deficit)				
Net investment in capital assets	66.5	64.7	1.8	2.8%
Restricted	11.3	7.7	3.6	46.8%
Unrestricted	(93.5)	(94.6)	1.1	1.2%
Total Net Position (Deficit)	<u>\$ (15.7)</u>	<u>\$ (22.2)</u>	6.5	29.3%

A case could be made that the largest impact on the District's financial statement in 2019 had absolutely no impact on the District's financial condition; GASB 75 and GASB 68 (as amended by GASB 82) require the District to recognize a net pension and net OPEB liability and their related deferrals, netting to \$100.4 million. As discussed below, users of this financial statement may gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension and OPEB liabilities to the reported net position and subtracting deferred outflows related to pension and OPEB. The resulting net position would be \$84.6 million.

GASB statements are national and apply to all governmental financial reports which are prepared in accordance with generally accepted accounting principles. Under the standards required by GASB 68 and GASB 75, the pension and OPEB liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less plan assets available to pay benefits.

GASB noted that the unfunded portion of the pension and OPEB benefit promise is a present obligation of the government – part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

responsible for certain key factors affecting the balance of this liability. In Nevada, the employee shares the obligation of funding pension benefits with the employer. Contribution rates are established by State statute and are determined. Nevada's Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. There is no legal means to enforce the unfunded liability of the pension and OPEB systems against the public employer.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences, are satisfied through paid time-off or payments upon employees' termination from service. There is no repayment schedule for the pension and OPEB liabilities. Changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB liability, but are outside the control of the participating local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required pension and OPEB payments, State statute does not assign or identify the responsible party for the unfunded portion. In accordance with GASB 68 and GASB 75, the District's government-wide statements prepared on the accrual basis of accounting include an annual pension and OPEB expense for its proportionate share of each plan's change in net pension liability and OPEB liability not accounted for as deferred inflows or outflows.

For the fifth consecutive year, revenues increased – this year by over \$5.0 million, or 5%. This increase was lead primarily by increases in state aid and operating grants, as well as a 4% increase in property taxes as well as the local school support taxes (sales taxes).

To further understand what makes up the changes in net position for the current and previous years, the following table provides details of the District's activities.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

DISTRICT'S CHANGES IN NET POSITION		
	Governmental Activities	
	2019	2018
	<i>(In Millions)</i>	
Revenues		
Program Revenues:		
Charges for services	\$ 0.8	\$ 0.7
Grants and contributions	16.1	12.6
General Revenues:		
Property taxes	17.8	17.1
Local school support taxes	11.5	11.1
Government service taxes	3.0	2.7
Unrestricted State aid	54.7	54.8
Other revenues	1.2	1.1
Total Revenues	<u>105.1</u>	<u>100.1</u>
Expenses		
Instructional services	52.6	51.9
Support services	36.8	36.3
Food service and other	3.9	3.4
Facilities acquisitions and construction	3.5	3.1
Interest on long-term debt	1.8	2.1
Total Expenses	<u>98.6</u>	<u>96.8</u>
Change in Net Position	<u>\$ 6.5</u>	<u>\$ 3.3</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The governmental funds (General Fund, special revenue funds, the Debt Service Fund, and the capital projects funds) reported a June 30, 2019 fund balance of \$18.0 million, an increase of \$2.4 million from the June 30, 2018 fund balance of \$15.6 million. The governmental fund balance includes \$5.4 million which is considered restricted for debt service and \$4.8 million restricted for capital projects. In addition, \$148 thousand in inventories are deemed to be the nonspendable component of fund balance. The remaining governmental fund balance is either assigned (\$5.0 million) or unassigned (\$2.6 million).

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

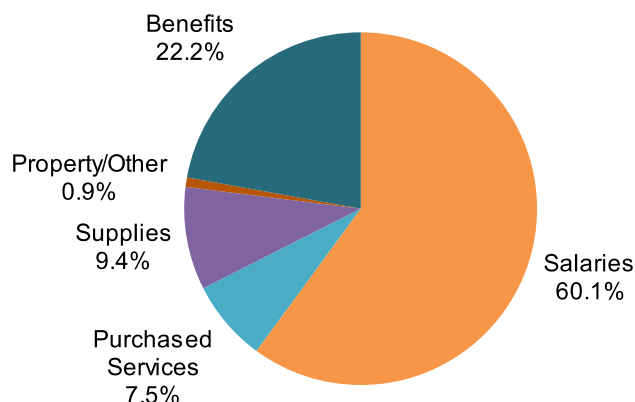
JUNE 30, 2019

The General Fund and the nine special revenue funds account for Lyon County School District's current operating revenues and expenditures. They include all governmental funds (except debt service and capital projects funds.) The following chart compares the revenues to expenditures and fund balance for these funds for the most recent five-year period.

	2014	2015	2016	2017	2018
	<i>(In Millions)</i>				
Revenues	\$77.3	\$79.8	\$83.9	\$88.2	\$91.1
Expenditures	77.5	80.2	84.1	87.2	93.4
Fund Balances	7.2	6.8	6.7	7.7	5.4

Education is labor intensive as evidenced by the following graphic of expenditures by object group. Salaries and benefits for the General Fund and the special revenue funds approximated 82% of the funds' total expenditures for the fiscal year ended June 30, 2019, compared to 80% for FY18. The chart below shows the composition of expenditures in the General Fund and the special revenue Funds.

EXPENDITURES IN THE GENERAL AND SPECIAL REVENUE FUNDS



The Debt Service Fund's balance of \$5.4 million as of June 30, 2019 is approximately 75% of the debt service requirement for the FY ending June 30, 2019, compared to 64% last year. The fund's balance of \$5.4 million in addition to the budgeted revenues for FY20 of \$8.3 million are sufficient to cover the FY20 debt service requirement of \$7.2 million. (The aforementioned FY20 debt service requirement is exclusive of the annual amortization of bond premiums, scheduled to be \$305 thousand.)

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

The District has four capital projects funds, including the Bonds Projects Fund, a major fund, which is used to account for proceeds of bond sales; related interest earnings and capital expenditures. Although, the Bond Projects Fund does not meet the financial criteria in FY19 for presentation as a major fund in the accompanying financial statements, the District deems it to be a major fund because of the continuing significance of expenditures from the fund. During the year, \$1.5 million was spent from this fund in accordance with the District's Capital Improvement Plan. The June 30, 2019 fund balance of \$1.0 million is restricted for future capital expenditures.

The other three capital projects funds are used to accumulate resources, primarily Governmental Services Tax (62% of the funds' revenues) and the Residential Construction Tax (36% of the funds' revenues) for major capital acquisitions and improvements not part of the capital budgets related to bond issues.

The capital projects funds' (exclusive of the Bond Projects Fund) had expenditures of \$576 thousand during the year, leaving a combined fund balance of \$3.7 million as of June 30, 2019, compared to \$3.0 million at the end of the previous year.

BUDGETARY HIGHLIGHTS

School districts in Nevada are funded in large part by state support derived from student enrollment at the end of the first school month. (However, see *Economic Factors and Next Year's Budget* for changes.) State statutes require all school districts to amend their general fund budgets after "count day" enrollment is known. Lyon County School District takes this opportunity to incorporate other adjustments, such as revising the fund balance carryover. During the year, the Director of Business Services is authorized to transfer appropriations between accounts and funds, subject to subsequent approval by the Board of Trustees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2019 and 2018 are as follows:

Capital Assets (Net of Depreciation)		
	2019	2018
	(In Millions)	
Land	\$ 8.8	\$ 8.8
Construction in progress	-	1.3
Buildings and improvements	88.5	91.2
Infrastructure	12.7	10.3
Equipment and vehicles	7.9	8.6
	<u>\$ 117.9</u>	<u>\$ 120.2</u>

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Long-term Debt

As of June 30, 2019, the District had \$50.7 million of general obligation bonded debt outstanding, plus \$3.3 million in unamortized bond premiums which are being amortized over the lives of the applicable bond issues.

A question on the November 2006 general election was passed by the voters, allowing the District to issue general obligation bonds through November 2016. Senate Bill 207 of the 2015 Nevada Legislature extended the expiration date of the District's general obligation bonds through November 2026. The bonds may only be issued if repayment is expected to be made without raising the property tax rate and other financial conditions are met. Further, issuance of bonds is conditional upon the approval of the Debt Management Commission of Lyon County. Currently, the District has no authorization from the Commission to issue general obligation bonds. The District reserves the right to issue additional bonds at any time legal requirements are met. As of June 30, 2019, the District had \$225.1 million of statutory debt limit available. However, other factors such as overlapping tax rates, available revenues, market conditions and project specifications could reduce the availability.

In October 2019, the District closed on a \$7.0 million General Obligation Refunding Bond, proceeds of which were used to refund existing debt. The present value of projected savings from this refunding is \$331 thousand.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment and Funding

Nevada's school districts are funded primarily through the Nevada State Distributive School Account (DSA), property taxes, and local school support taxes. Changes in any of the economic or other factors that affect these funding sources will affect the level of support received for a given year.

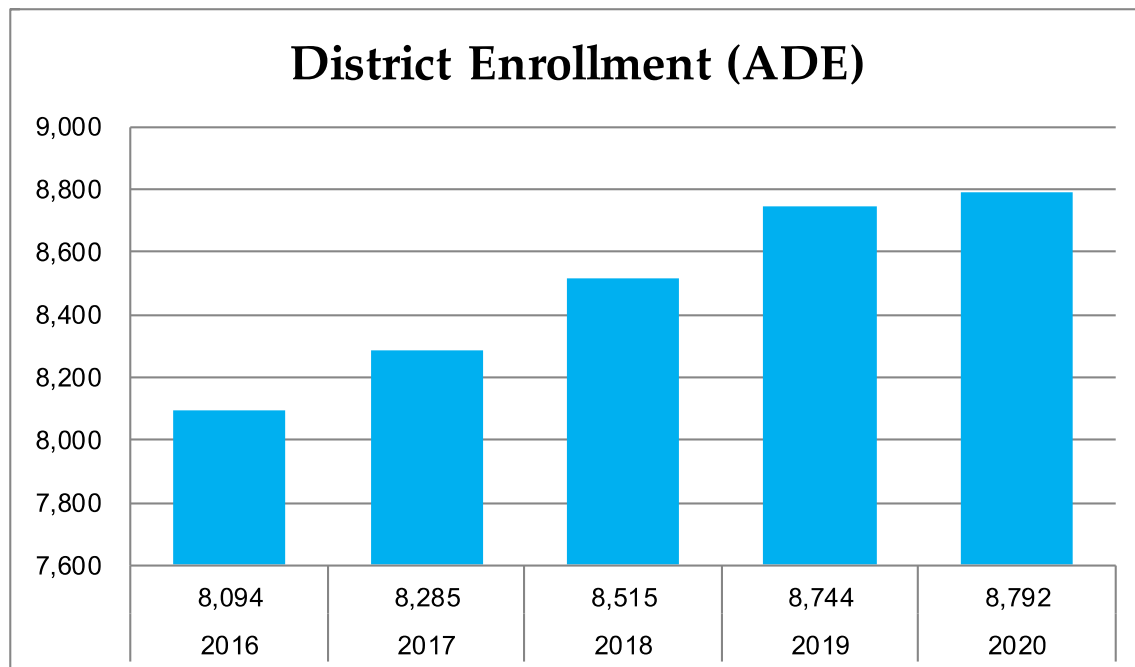
Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. One of the factors determining the amount of DSA funding received is the weighted student enrollment within the District. The State's funding model utilizes a quarterly average daily enrollment (ADE) number multiplied by the districts' per-pupil support amount to determine the districts' Guaranteed Basic Support amount. Total funding is trued up quarterly with the YTD total ADE. The formula weights pre-kindergarten (pre-k) students at 0.6, while kindergarten through twelfth grades are given a weight of 1.0.

The following chart presents the District's pupil enrollment (ADE) for 2016 through 2019 and the projected ADE for FY20.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019



The District's per-pupil support rate for FY20 has been established at \$7,724, compared to FY19's of \$7,513, an increase of 2.8%. The per-pupil support rate for FY19 of \$7,513 was an increase of 1.5% over the FY18 rate of \$7,400.

In previous years, the "hold harmless" provisions of the DSA formula protected districts during times of declining enrollment, by providing that the guaranteed level of funding was based on the higher of the current or the previous year's enrollment (unless the decline in enrollment was more than 5%, in which case the funding was based on the higher of the current or the previous two year's enrollment). Now, Districts will only qualify for "hold-harmless" status if their enrollment decreased by more than 5%, and it will only then look to the previous year's ADE.

During the 2019 State Legislature, Senate Bill 543 was passed to provide the framework for a new funding methodology for Nevada's public schools, to be fully implemented starting in FY22. Districts whose funding is "harmed" by the changes incorporated in the new funding model are to be "held harmless" at their total level of funding in FY19, but what "total" funding is exactly has yet to be determined.

Clearly, the DSA formula will continue to be subject to review and potential revisions. As such, there is a high likelihood that the District will continue to be impacted in some manner by future amendments to the funding model. The District is diligent in its on-going evaluation of its staffing levels relative to State guaranteed funding, Federal grant programs, pupil enrollment levels, and other costs, with the goal of ensuring continuity and stability of its educational programs.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Information Technology Infrastructure

The District operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to District systems, data or resources, inappropriate exposure or use of District information, disruption of District services, and damage to District systems.

In early July 2019, the District's information technology systems were the victim of a ransomware attack. Although the attack did not result in the exposure or theft of District information, it disrupted the District's business operations, including its email, internet, and phone lines, which prevented District employees, including its business and finance department, from completing certain day-to-day tasks. District payments to vendors were temporarily disrupted. The District's insurance carrier negotiated a ransom and the District regained access to its systems approximately 10 days later. Despite regaining access, the District continues to recover from the impact of the attack.

In order to help prevent future cybersecurity incidents, the District has implemented new password procedures and has incorporated new software and hardware to strengthen its defense against future cybersecurity threats. All third-party devices are now required to have District approved anti-virus software. The District has implemented an additional, redundant, daily off-site back-up feature to preserve its information. No amount of defensive measures can prevent all cybersecurity attacks or the resultant disruptions and costs. To that end, the District will maintain its cyber-liability insurance. In the event a future cybersecurity incident occurs that disrupts the District's daily business operations, it is not expected to impact the District's ability to make bond debt service payments as those processes are handled independently of the District's systems.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lyon County School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, 25 East Goldfield Avenue, Yerington, Nevada, 89447.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	\$ 21,791,883
Receivables	10,201,370
Inventories	147,846
Restricted cash	585,000
Capital assets, net	117,944,491
Total Assets	150,670,590
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,572,960
Deferred outflows related to pensions and OPEB	17,499,569
	19,072,529
Total Assets and Deferred Outflows of Resources	169,743,119
LIABILITIES	
Accounts payable	888,820
Accrued liabilities	9,384,523
Incurred but unreported claims	1,200,000
Unearned revenues	644,181
Noncurrent liabilities:	
Due within one year	5,705,466
Due in more than one year	49,784,000
Obligation for other postemployment benefits	10,072,595
Net pension liability	100,599,130
Total Liabilities	178,278,715
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and OPEB	7,217,535
Total Liabilities and Deferred Inflows	185,496,250
NET POSITION (DEFICIT)	
Net investment in capital assets	66,519,496
Restricted for:	
Debt service	5,423,887
Employee benefit programs	2,099,450
Capital projects	3,739,431
Unrestricted	(93,535,395)
Total Net Position (Deficit)	\$(15,753,131)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

PROGRAMS / FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS		
		OPERATING	CAPITAL		
Instruction	\$ 52,735,611	\$ -	\$ 7,933,529	\$ -	\$ (44,802,082)
Support Services	36,710,306	-	5,523,472	-	(31,186,834)
Facilities Acquisition and Construction	3,517,443	-	-	-	(3,517,443)
Food Service and Community Services	3,862,500	765,214	2,684,642	-	(412,644)
Interest and other costs of long-term debt	1,864,275	-	-	-	(1,864,275)
	<u>\$ 98,690,135</u>	<u>\$ 765,214</u>	<u>\$ 16,141,643</u>	<u>\$ -</u>	<u>(81,783,278)</u>
General Revenues:					
	Property taxes				17,795,028
	Local school support taxes				11,502,563
	Governmental services tax				2,972,777
	Earnings on investments				410,695
	Other local sources				848,668
	State aid not restricted to specific purpose				54,722,071
	Total General Revenues				<u>88,251,802</u>
	Change in Net Position (Deficit)				6,468,524
	NET POSITION (DEFICIT), July 1, 2018				<u>(22,221,655)</u>
	NET POSITION (DEFICIT), June 30, 2019				\$ (15,753,131)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2018)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
ASSETS				
Cash and investments	\$ 4,926,212	\$ 1,808,621	\$ 5,428,105	\$ 1,041,604
Receivables	6,973,510	-	80,749	-
Due from other funds	1,497,092	-	-	-
Inventories	108,618	-	-	-
Total Assets	<u>\$ 13,505,432</u>	<u>\$ 1,808,621</u>	<u>\$ 5,508,854</u>	<u>\$ 1,041,604</u>
LIABILITIES				
Accounts payable	\$ 565,662	\$ 10,839	\$ -	\$ -
Accrued payroll	6,023,671	1,755,347	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>6,589,333</u>	<u>1,766,186</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>108,633</u>	<u>-</u>	<u>84,967</u>	<u>-</u>
FUND BALANCES				
Nonspendable	108,618	-	-	-
Restricted	-	-	5,423,887	1,041,604
Assigned	4,063,922	42,435	-	-
Unassigned	<u>2,634,926</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>6,807,466</u>	<u>42,435</u>	<u>5,423,887</u>	<u>1,041,604</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,505,432</u>	<u>\$ 1,808,621</u>	<u>\$ 5,508,854</u>	<u>\$ 1,041,604</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2018)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2019	2018
ASSETS AND OTHER DEBITS			
Cash and investments	\$ 5,205,182	\$ 18,409,724	\$ 18,851,129
Receivables	2,978,660	10,032,919	7,733,048
Due from other funds	-	1,497,092	3,264,130
Inventories	39,228	147,846	51,322
Total Assets	\$ 8,223,070	\$ 30,087,581	\$ 29,899,629
LIABILITIES			
Accounts payable	\$ 229,794	\$ 806,295	\$ 1,229,902
Accrued payroll	1,372,636	9,151,654	9,308,368
Due to other funds	1,497,092	1,497,092	3,264,130
Unearned revenue	450,581	450,581	303,433
Total Liabilities	3,550,103	11,905,622	14,105,833
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	193,600	193,600
FUND BALANCES			
Nonspendable	39,228	147,846	51,322
Restricted	3,739,431	10,204,922	10,172,994
Assigned	894,308	5,000,665	4,127,613
Unassigned	-	2,634,926	1,248,267
Total Fund Balances	4,672,967	17,988,359	15,600,196
Total Liabilities, Deferred Inflows and Fund Balances	\$ 8,223,070	\$ 30,087,581	\$ 29,899,629

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2019

Total Fund Balance - Governmental Funds	\$ 17,988,359
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not current financial resources and therefore not reported as governmental fund assets.	117,944,491
General obligation bonds are not reported as fund liabilities since they will not be paid with current resources.	(50,715,000)
Premiums and discounts related to long-term debt are not capitalized and amortized in the fund statements since they do not represent available resources.	(3,324,559)
Unamortized amounts on refundings are not recognized in the funds.	1,572,960
The liability for interest on general obligation bonds is reported in the fund statements when due and as accrued in the statement of activities.	(232,869)
The liability for estimated future payments of benefits to be provided to current and future retirees is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in the funds.	(11,000,193)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in the funds.	(90,839,405)
Internal service funds are used to account for various employee benefit programs. The assets and liabilities of the internal service funds are included with governmental activities.	<u>2,853,085</u>
Total Net Position (Deficit) - Governmental Activities	<u>\$ (15,753,131)</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
REVENUES				
Local sources	\$ 24,037,792	\$ -	\$ 8,089,508	\$ 59,545
State sources	50,893,145	3,828,926	-	-
Federal sources	974,015	-	-	-
Total Revenues	75,904,952	3,828,926	8,089,508	59,545
EXPENDITURES				
Regular programs	30,420,919	-	-	-
Special programs	176,948	8,935,172	-	-
Vocational programs	1,467,843	-	-	-
Adult instruction	-	-	-	-
Other instructional programs	1,796,364	-	-	-
Extra-curricular activities	1,733,915	-	-	-
Support services:				
Student support	2,844,949	2,503,307	-	-
Instructional staff support	1,671,770	1,774	-	-
General administration	1,909,702	139,353	-	-
School administration	7,290,496	-	-	-
Central services	4,387,656	-	-	-
Operations and maintenance	7,998,647	-	-	-
Student transportation	3,261,534	649,245	-	-
Noninstructional services:				
Food service	-	-	-	-
Community service	-	-	-	-
Facilities acquisition and construction	-	-	-	1,502,762
Debt service:				
Principal	-	-	5,421,000	-
Interest	-	-	1,954,709	-
Other	-	-	5,600	-
Total Expenditures	64,960,743	12,228,851	7,381,309	1,502,762
Revenues Over (Under) Expenditures	10,944,209	(8,399,925)	708,199	(1,443,217)
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of assets	-	-	-	-
Proceeds from bond sales	-	-	-	-
Bond premium	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Transfers (to) from other funds	(8,400,000)	8,400,000	-	-
Total Other Financing Sources (Uses)	(8,400,000)	8,400,000	-	-
Net Change in Fund Balances	2,544,209	75	708,199	(1,443,217)
FUND BALANCE, July 1	4,263,257	42,360	4,715,688	2,484,821
FUND BALANCE, June 30	\$ 6,807,466	\$ 42,435	\$ 5,423,887	\$ 1,041,604

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2019	2018
REVENUES			
Local sources	\$ 2,134,790	\$ 34,321,635	\$ 32,658,814
State sources	5,894,100	60,616,171	57,732,504
Federal sources	9,246,838	10,220,853	9,680,201
Total Revenues	17,275,728	105,158,659	100,071,519
EXPENDITURES			
Regular programs	5,216,092	35,637,011	35,202,348
Special programs	2,621,529	11,733,649	11,205,953
Vocational programs	308,756	1,776,599	1,780,474
Adult instruction	188,518	188,518	214,666
Other instructional programs	483,990	2,280,354	2,045,905
Extra-curricular activities	-	1,733,915	1,310,406
Support services:			
Student support	1,795,236	7,143,492	6,574,570
Instructional staff support	757,343	2,430,887	3,139,732
General administration	226,125	2,275,180	2,107,339
School administration	32,000	7,322,496	7,158,524
Central services	307,007	4,694,663	4,904,648
Operations and maintenance	11,652	8,010,299	8,256,232
Student transportation	163,590	4,074,369	6,141,088
Noninstructional services:			
Food service	3,888,413	3,888,413	3,393,380
Community service	118,815	118,815	29,080
Facilities acquisition and construction	577,765	2,080,527	2,453,650
Debt service:			
Principal	-	5,421,000	5,409,000
Interest	-	1,954,709	1,928,944
Other	-	5,600	259,844
Total Expenditures	16,696,831	102,770,496	103,515,783
Revenues Over (Under) Expenditures	578,897	2,388,163	(3,444,264)
OTHER FINANCING SOURCES (USES)			
Proceeds from sales of assets	-	-	65,312
Proceeds from bond sales	-	-	17,900,000
Bond premium	-	-	3,363,808
Payments to refunded bond escrow agent	-	-	(21,002,097)
Transfers (to) from other funds	-	-	-
Total Other Financing Sources (Uses)	-	-	327,023
Net Change in Fund Balances	578,897	2,388,163	(3,117,241)
FUND BALANCE, July 1	4,094,070	15,600,196	18,717,437
FUND BALANCE, June 30	\$ 4,672,967	\$ 17,988,359	\$ 15,600,196

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Governmental Funds \$ 2,388,163

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are reported in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. (2,182,762)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (7,468)

Bond premiums realized when debt is incurred are recognized in the funds; however, they are deferred in the district-wide statements and recognized over the term of the associated debt. 304,446

Change in pension expense related to deferred items. 487,817

Any gain or loss on certain advance refundings of long-term debt are recognized currently in the fund statements. The gain or loss is deferred in the statement of net position and amortized as interest expense over the life of the debt in the statement of activities. (200,946)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 5,421,000

The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the statement of activities while only the current contributions are reported in the fund statements. (500,046)

Internal service funds are used by the District to charge the costs of employee benefit programs to the individual funds. The net income (loss) of the internal service funds are reported with governmental activities. 758,320

Change in Net Position (Deficit) \$ 6,468,524

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Property taxes	\$ 9,965,764	\$ 9,965,764	\$ 10,011,225	\$ 45,461	\$ 9,630,636
Sales taxes	11,955,924	11,955,924	11,502,563	(453,361)	11,081,822
Franchise fees	300,000	180,000	259,256	79,256	242,647
Government services tax	1,840,631	1,840,631	2,142,285	301,654	1,911,731
Earnings on investments	15,000	15,000	28,260	13,260	26,599
Other local revenue	46,000	50,000	94,203	44,203	59,656
	<u>24,123,319</u>	<u>24,007,319</u>	<u>24,037,792</u>	<u>30,473</u>	<u>22,953,091</u>
State Sources:					
Distributive School Fund	49,138,888	50,174,828	50,893,145	718,317	48,695,601
Federal Sources:					
E-Rate funds	300,000	900,000	863,588	(36,412)	39,055
Forest Service	25,000	25,000	110,427	85,427	128,342
	<u>325,000</u>	<u>925,000</u>	<u>974,015</u>	<u>49,015</u>	<u>167,397</u>
Total Revenue	<u>73,587,207</u>	<u>75,107,147</u>	<u>75,904,952</u>	<u>797,805</u>	<u>71,816,089</u>
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	20,508,382	20,508,382	20,085,205	423,177	19,346,160
Benefits	8,536,886	8,536,886	8,315,343	221,543	8,111,419
Purchased services	236,750	236,750	218,494	18,256	260,155
Supplies	2,167,321	2,017,321	1,794,735	222,586	1,504,239
Other	7,000	7,000	7,142	(142)	4,619
Total Regular Programs	<u>31,456,339</u>	<u>31,306,339</u>	<u>30,420,919</u>	<u>885,420</u>	<u>29,226,592</u>
Special Programs (Gifted and Talented):					
Salaries	201,775	130,775	125,095	5,680	190,377
Benefits	82,671	55,671	51,853	3,818	78,831
Total Special Programs	<u>284,446</u>	<u>186,446</u>	<u>176,948</u>	<u>9,498</u>	<u>269,208</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Vocational Programs:					
Salaries	\$ 1,062,815	\$ 1,012,815	\$ 953,468	\$ 59,347	\$ 1,006,431
Benefits	434,129	409,129	395,077	14,052	411,674
Purchased services	37,000	37,000	28,870	8,130	30,615
Supplies	79,000	89,000	89,484	(484)	69,239
Other	1,200	1,200	944	256	1,050
Total Vocational Programs	1,614,144	1,549,144	1,467,843	81,301	1,519,009
Other Instructional Programs:					
Salaries	1,248,815	1,276,315	1,256,049	20,266	1,273,543
Benefits	505,790	505,790	535,541	(29,751)	526,940
Purchased services	31,000	43,000	1,996	41,004	-
Supplies	17,500	24,500	2,778	21,722	11,686
Total Other Instructional Programs	1,803,105	1,849,605	1,796,364	53,241	1,812,169
Extra-Curricular Activities:					
Co-Curricular:					
Salaries	257,604	280,000	259,842	20,158	284,234
Benefits	10,307	6,150	9,363	(3,213)	10,828
Purchased services	12,100	12,100	6,620	5,480	11,585
Supplies	6,000	6,000	2,388	3,612	3,204
Other	60,700	68,700	44,784	23,916	2,697
	346,711	372,950	322,997	49,953	312,548
Athletics:					
Salaries	655,000	690,000	682,709	7,291	652,082
Benefits	67,000	72,000	58,588	13,412	58,154
Purchased services	175,000	175,000	203,279	(28,279)	163,392
Supplies	118,000	118,000	97,633	20,367	113,439
Other	383,839	385,839	368,709	17,130	10,791
	1,398,839	1,440,839	1,410,918	29,921	997,858
Total Extra-Curricular Activities	1,745,550	1,813,789	1,733,915	79,874	1,310,406

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed Expenditures:					
Student Support:					
Salaries	\$ 2,000,222	\$ 2,131,222	\$ 2,021,434	\$ 109,788	\$ 2,244,070
Benefits	777,695	840,695	800,790	39,905	926,282
Purchased services	157,000	52,000	5,113	46,887	109,643
Supplies	17,075	27,075	17,612	9,463	18,688
Other	450	450	-	450	-
	<u>2,952,442</u>	<u>3,051,442</u>	<u>2,844,949</u>	<u>206,493</u>	<u>3,298,683</u>
Instructional Staff Support:					
Salaries	1,075,984	1,095,984	1,090,023	5,961	1,065,487
Benefits	381,637	376,637	350,657	25,980	347,650
Purchased services	133,075	133,075	97,261	35,814	129,767
Supplies	395,750	220,750	126,725	94,025	400,569
Other	3,500	13,500	7,104	6,396	3,919
	<u>1,989,946</u>	<u>1,839,946</u>	<u>1,671,770</u>	<u>168,176</u>	<u>1,947,392</u>
General Administration:					
Salaries	634,743	807,743	683,881	123,862	727,899
Benefits	549,833	619,833	557,386	62,447	610,152
Purchased services	305,350	431,730	451,852	(20,122)	330,311
Supplies	26,942	26,942	27,335	(393)	21,241
Other	31,254	41,254	189,248	(147,994)	32,199
	<u>1,548,122</u>	<u>1,927,502</u>	<u>1,909,702</u>	<u>17,800</u>	<u>1,721,802</u>
School Administration:					
Salaries	5,034,413	5,016,413	4,915,035	101,378	4,862,550
Benefits	1,851,128	1,867,128	1,900,370	(33,242)	1,835,488
Purchased services	179,992	205,992	225,482	(19,490)	253,554
Supplies	187,731	237,731	237,280	451	195,589
Property	55,000	10,000	5,297	4,703	2,469
Other	11,000	11,000	7,032	3,968	8,676
	<u>7,319,264</u>	<u>7,348,264</u>	<u>7,290,496</u>	<u>57,768</u>	<u>7,158,326</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Central Services:					
Salaries	\$ 1,710,316	\$ 1,853,316	\$ 1,793,213	\$ 60,103	\$ 1,626,082
Benefits	567,119	555,119	526,825	28,294	488,595
Purchased services	725,000	1,355,000	1,395,850	(40,850)	1,053,537
Supplies	837,930	670,930	626,468	44,462	1,113,874
Property	207,500	42,500	32,400	10,100	191,552
Other	23,000	18,000	12,900	5,100	31,605
	<u>4,070,865</u>	<u>4,494,865</u>	<u>4,387,656</u>	<u>107,209</u>	<u>4,505,245</u>
Operation and Maintenance:					
Salaries	3,255,137	3,275,137	3,203,979	71,158	3,187,463
Benefits	1,168,442	1,178,442	1,129,735	48,707	1,155,077
Purchased services	1,345,966	1,610,966	1,491,030	119,936	1,488,090
Supplies	2,055,400	2,005,400	2,047,162	(41,762)	2,345,735
Property	25,000	25,000	119,850	(94,850)	18,963
Other	10,000	10,000	6,891	3,109	8,214
	<u>7,859,945</u>	<u>8,104,945</u>	<u>7,998,647</u>	<u>106,298</u>	<u>8,203,542</u>
Student Transportation:					
Salaries	2,034,504	2,034,504	1,968,687	65,817	1,970,795
Benefits	787,423	787,423	720,384	67,039	747,139
Purchased services	301,200	301,200	297,167	4,033	280,616
Supplies	535,000	660,000	536,368	123,632	538,972
Property	750,000	640,000	139,596	500,404	1,856,719
Other	(440,000)	(440,000)	(400,668)	(39,332)	4,333
	<u>3,968,127</u>	<u>3,983,127</u>	<u>3,261,534</u>	<u>721,593</u>	<u>5,398,574</u>
Total Undistributed Expenditures	<u>29,708,711</u>	<u>30,750,091</u>	<u>29,364,754</u>	<u>1,385,337</u>	<u>32,233,564</u>
Total Expenditures	<u>66,612,295</u>	<u>67,455,414</u>	<u>64,960,743</u>	<u>2,494,671</u>	<u>66,370,948</u>
Revenues Over Expenditures	<u>6,974,912</u>	<u>7,651,733</u>	<u>10,944,209</u>	<u>3,292,476</u>	<u>5,445,141</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OTHER FINANCING (USES)					
Proceeds from sale of assets	\$ -	\$ -	\$ -	\$ -	\$ 5,012
Transfers (to) from other funds	(8,457,366)	(8,400,000)	(8,400,000)	-	(7,740,681)
Contingency	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Total Other Financing (Uses)	<u>(8,957,366)</u>	<u>(8,900,000)</u>	<u>(8,400,000)</u>	<u>500,000</u>	<u>(7,735,669)</u>
Net Change in Fund Balance	(1,982,454)	(1,248,267)	2,544,209	3,792,476	(2,290,528)
FUND BALANCE, July 1	<u>4,868,796</u>	<u>4,868,796</u>	<u>4,263,257</u>	<u>(605,539)</u>	<u>6,553,785</u>
FUND BALANCE, June 30	<u>\$ 2,886,342</u>	<u>\$ 3,620,529</u>	<u>\$ 6,807,466</u>	<u>\$ 3,186,937</u>	<u>\$ 4,263,257</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 3,901,334	\$ 3,873,831	\$ 3,828,926	\$ (44,905)	\$ 3,514,304
Federal Sources:					
Federal grant	-	-	-	-	28,710
Total Revenue	3,901,334	3,873,831	3,828,926	(44,905)	3,543,014
EXPENDITURES					
Special Programs:					
Instruction					
Salaries	6,259,660	6,299,660	6,365,457	(65,797)	6,147,538
Benefits	2,653,990	2,538,990	2,490,518	48,472	2,618,938
Purchased services	95,000	92,000	66,166	25,834	10,842
Supplies	32,000	27,000	12,563	14,437	21,184
Other	-	-	468	(468)	737
	9,040,650	8,957,650	8,935,172	22,478	8,799,239
Undistributed Expenditures:					
Student Support:					
Salaries	1,480,165	1,470,165	1,489,972	(19,807)	1,075,968
Benefits	530,565	572,565	555,387	17,178	412,870
Purchased services	309,115	484,115	457,367	26,748	329,089
Supplies	1,000	1,000	581	419	662
	2,320,845	2,527,845	2,503,307	24,538	1,818,589
Instructional Staff Support:					
Salaries	8,000	5,000	661	4,339	5,047
Benefits	1,000	1,000	65	935	556
Purchased services	1,000	500	1,048	(548)	1,181
Supplies	3,500	750	-	750	-
	13,500	7,250	1,774	5,476	6,784

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
General Administration:					
Salaries	\$ 169,542	\$ 82,542	\$ 99,275	\$ (16,733)	\$ 145,959
Benefits	68,276	34,276	34,936	(660)	51,693
Purchased services	24,000	13,000	646	12,354	4,833
Supplies	10,000	10,000	4,496	5,504	9,084
	<u>271,818</u>	<u>139,818</u>	<u>139,353</u>	<u>465</u>	<u>211,569</u>
Cental Services:					
Purchased services	-	-	-	-	1,240
Student Transportation:					
Salaries	385,000	483,000	478,720	4,280	379,729
Benefits	140,000	175,000	170,525	4,475	138,543
Purchased services	30,000	3,000	-	3,000	-
	<u>555,000</u>	<u>661,000</u>	<u>649,245</u>	<u>11,755</u>	<u>518,272</u>
Total Expenditures	<u>12,201,813</u>	<u>12,293,563</u>	<u>12,228,851</u>	<u>64,712</u>	<u>11,355,693</u>
Revenues Over (Under)					
Expenditures	(8,300,479)	(8,419,732)	(8,399,925)	19,807	(7,812,679)
OTHER FINANCING SOURCES					
Transfers from other funds	<u>8,300,000</u>	<u>8,400,000</u>	<u>8,400,000</u>	<u>-</u>	<u>7,650,000</u>
Net Change in Fund Balance	(479)	(19,732)	75	19,807	(162,679)
FUND BALANCE, July 1	<u>90,457</u>	<u>42,365</u>	<u>42,360</u>	<u>(5)</u>	<u>205,039</u>
FUND BALANCE, June 30	<u>\$ 89,978</u>	<u>\$ 22,633</u>	<u>\$ 42,435</u>	<u>\$ 19,802</u>	<u>\$ 42,360</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2019	2018
ASSETS		
Cash and investments	\$ 3,382,159	\$ 2,725,362
Accounts receivable	89,591	9,541
Due from other funds	-	6,744
Restricted cash	585,000	585,000
Total Assets	4,056,750	3,326,647
LIABILITIES		
Accounts payable	3,665	18,022
Due to other funds	-	85,613
Incurred but unreported claims	1,200,000	1,135,000
Total Liabilities	1,203,665	1,238,635
NET POSITION		
Restricted for employee benefits program	2,099,450	660,933
Unrestricted	753,635	1,433,832
Total Net Assets	\$ 2,853,085	\$ 2,094,765

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2019	2018
OPERATING REVENUES		
Charges for services	\$ 5,213,470	\$ 707,117
OPERATING EXPENSES		
Workers compensation claims	543,749	277,102
Unemployment claims	21,425	14,361
Reinsurance premiums and other payments	3,903,947	77,547
Other	147,202	73,107
Total Operating Expenses	4,616,323	442,117
Operating Income (Loss)	597,147	265,000
NONOPERATING REVENUES		
Earnings on investments	161,173	39,257
Change in Net Position	758,320	304,257
NET POSITION, July 1	2,094,765	1,790,508
NET POSITION, June 30	\$ 2,853,085	\$ 2,094,765

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from other funds	\$ 5,061,304	\$ 704,626
Payments of benefits	(4,400,186)	(329,193)
Insurance premiums and other payments	(165,494)	(117,649)
Net Cash Provided by Operating Activities	<u>495,624</u>	<u>257,784</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interfund benefits	-	23,115
Net Cash from Non-Capital Financing Activities	<u>-</u>	<u>23,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	161,173	39,257
Net Increase in Cash and Cash Equivalents	656,797	320,156
CASH AND CASH EQUIVALENTS, July 1	<u>3,310,362</u>	<u>2,990,206</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 3,967,159</u>	<u>\$ 3,310,362</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ 597,147</u>	<u>\$ 265,000</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(80,050)	-
Due from or to other funds	(72,116)	(2,491)
Accounts payable	(14,357)	(28,725)
Liability for claims incurred but not reported	65,000	24,000
Total Adjustments	<u>(101,523)</u>	<u>(7,216)</u>
Net Cash Provided by Operating Activities	<u>\$ 495,624</u>	<u>\$ 257,784</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2019 (WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018)

	PRIVATE PURPOSE TRUST - STUDENT SCHOLARSHIPS	AGENCY - STUDENT ACTIVITY FUNDS	TOTALS	
			2019	2018
ASSETS				
Cash and investments	\$ 943,889	\$ 818,501	\$ 1,762,390	\$ 1,602,701
Total Assets	<u>943,889</u>	<u>818,501</u>	<u>1,762,390</u>	<u>1,602,701</u>
LIABILITIES				
Due to student groups	<u>-</u>	<u>818,501</u>	<u>818,501</u>	<u>714,996</u>
Total Liabilities	<u>-</u>	<u>818,501</u>	<u>818,501</u>	<u>714,996</u>
NET POSITION				
Held in trust for student scholarships:				
Expendable	<u>943,889</u>	<u>-</u>	<u>943,889</u>	<u>887,705</u>
Total Net Position	<u>\$ 943,889</u>	<u>\$ -</u>	<u>\$ 943,889</u>	<u>\$ 887,705</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	PRIVATE-PURPOSE TRUST STUDENT SCHOLARSHIPS	
	2019	2018
ADDITIONS		
Earnings on investments	\$ 58,290	\$ 10,303
DEDUCTIONS		
Scholarships paid	<u>8,609</u>	<u>3,800</u>
Change in Net Position	49,681	6,503
NET POSITION, July 1	<u>894,208</u>	<u>887,705</u>
NET POSITION, June 30	<u><u>\$ 943,889</u></u>	<u><u>\$ 894,208</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyon County School District (District) conform to generally accepted accounting principles as applicable to governments. A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The District is governed by a separately elected seven member board. The Board is legally separate and fiscally independent from other governing bodies with decision making authority, authority to levy taxes, the power to designate management, the ability to significantly influence operations and is accountable for fiscal matters. Therefore, the District is a primary government and is not reported as a component unit by any other entity, nor is the Board accountable for any other entity required to be included in the District's comprehensive annual financial report.

Basic Financial Statements – District-Wide Statements

The basic financial statements include both district-wide (based on the District as a whole) and fund financial statements. The district-wide (sometimes referred to as 'government-wide') financial statements, the Statement of Net Position and 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 taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Since the District currently has no business-type activities, all activities are reported as governmental.

In the Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program or function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Grants and contributions are restricted to meeting the operational or capital requirements of a particular program or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. District resources are allocated to and accounted for in the individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements.

The emphasis of the fund financial statements is on the major funds in the governmental type activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise categories combined) for the determination of major funds. District management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The District's fiduciary funds are presented in the fiduciary fund financial statement by their type. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the district-wide statements.

The District reports the following *major* governmental funds.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Special Education Fund

The Special Education Fund accounts for all costs, other than those paid by grants, directly related to providing instructional and support services to students with special needs.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Bonds Projects Fund

The Bond Projects Fund is used to account for all proceeds, interest earnings, and expenditures related to general obligation bonds sold for the purpose of acquiring or constructing major capital facilities.

The District reports the following *nonmajor* governmental funds:

Federal Grants Fund	Medicaid Fund
Insurance Loss Fund	New Nevada Plan Fund
Federal School Lunch Fund	Capital Projects Fund
Adult Diploma Fund	Building and Sites Fund
Class Size Reduction Fund	Residential Construction Tax Fund
Private Donations and Grants Fund	
State Grants Fund	

Additionally, the District reports the following fund types:

Internal service funds are used to account for the charges to other funds and employees for the cost of various employee benefit programs on a cost reimbursement basis:

- Workers Compensation Insurance Fund
- Unemployment Insurance Fund
- Group Insurance Fund

The **private-purpose trust fund** is used to account for the resources legally held in trust for the purpose of awarding future student scholarships.

The **agency fund** is used to account for assets held by the District in a trustee capacity or as an agent for students and student groups.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Measurement Focus

District-Wide Financial Statements

The district-wide statements, as well as the proprietary fund financial statements, are prepared using the economic resources measurement focus. The agency funds (student activity funds) have no measurement focus.

All assets and liabilities associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide financial statements and the governmental funds financial statements.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The district-wide financial statements and the proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available generally means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include taxes, grants, entitlements and donations for which the revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose;

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Property taxes are recognized as revenues in the year for which they are levied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year-end: investment earnings, grants and entitlements.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *outflows* of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District's governmental funds do not have any items that qualify for reporting in this category. However, the Statement of Net Position reports deferred debt retirement charges in this category and the amount is being amortized over the required periods through the applicable bond maturities. In addition, deferred outflows of resources have been reported for items related to the District's net pension and net other postemployment benefits (OPEB) liabilities.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *inflows* of resources. This separate financial statement element 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 then. The District has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District also reports a deferred inflow of resources related to its pension and OPEB liabilities. These deferred inflows of resources are only reported in the government-wide statement of net position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Cash and Investments

Cash balances from all funds are combined and, invested to the extent practicable. The District invests as permitted by NRS 355.170 and has not adopted additional investment policies. The District Investments are stated at cost, which approximates market value.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain short-term commercial paper issued by U.S. Corporations.
- Certain "AAA" rated mutual funds that invest in Federal securities.

Inventories and Prepaid Items

Inventories are recorded at cost using the first-in/first-out (FIFO) method, except for commodities, which are stated at their fair value. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

State law prohibits any money paid into a fund created for the purpose of providing self-funded health insurance from being used for any other purpose. Prohibited transactions include loaning money to other funds or governmental entities.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 (\$15,000 for infrastructure), and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value as of the date of donation.

Property, plant and equipment are being depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Infrastructure	20
Site and building improvements	20
Vehicles	8
Computer and related equipment	5
Other equipment	5-15

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the proportionate-to-stated-interest-requirements method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as current expenditures of the fund receiving the proceeds.

Vacation Time and Sick Leave Benefits

The costs of vacation time and sick leave benefits are not accrued as earned but are recorded as payroll costs only when the time is actually used in the governmental fund statements. The full cost of accrued vacation for those classified and administrative employees who earn vacation time is recorded in the district-wide financial statements.

The majority of the employees of the District are teachers and classified staff who accumulate sick leave up to 250 days with no vacation time provided. Although sick leave may be accumulated, the amount paid to an employee upon termination, retirement or death is based on a predetermined daily dollar amount that is

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based on the length of service and number of sick leave days accumulated. An employee's compensation is limited to \$12,500 and subject further to an annual aggregate limitation. Such payments are made each September to qualifying employees who terminated employment during the previous year. Any current liability that may exist at year-end is recorded in the General Fund. The estimated liability to employees separating from service in future years is recorded in the district-wide financial statements.

Postemployment Benefits Other than Pensions

Postemployment expenditures are comprised of monthly payments to the Nevada Public Employees' Benefit Program (PEBP) for the District's subsidy of retiree insurance premiums and the portion of insurance premiums paid to private insurers on behalf of active employees that represents the implicit cost of retiree coverage. The payments to PEBP are charged to the General Fund while the employee insurance premiums are charged to the respective fund to which the employees' payroll costs are charged. The District has elected to fund postemployment benefits using the pay-as-you-go basis. Postemployment benefits other than pensions are discussed in further detail in Note 10.

Property Taxes

All real property in Lyon County is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is being assessed at 35 percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action the tax rate has been further limited to \$3.64 per \$100 of assessed value except in cases of severe financial emergency as defined in NRS 354.705.

Taxes on real property are a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied.

Taxes may be paid in four installments payable on the third Monday in August and the first Mondays in October, January, and March to the Lyon County Treasurer. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2018 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2018. Such information can only be obtained by referring to the financial report for that year. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The District adheres to the Local Government Budget Act incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data reflected in these financial statements:

1. On or before April 15, the Lyon County School District Board of Trustees files a tentative budget with the Nevada Department of Taxation and the Nevada Department of Education for all funds other than Trust and Agency Funds, which are not required to be budgeted. Although not required, management has elected to adopt annual budgets to improve fiscal accountability for private-purpose trust funds.
2. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget is then forwarded to the Nevada Tax Commission to approve the requested ad valorem tax rate.
3. Prior to January 1, each school district must adopt an amendment to its final budget to reflect the change in revenue to be received from actual student enrollment.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds.
5. Budgets for funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end.

LYON COUNTY SCHOOL DISTRICT

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6. Budgeted amounts within funds, and between funds, may be transferred if amounts do not exceed the amounts originally budgeted. Such transfers are to be approved by the Budget Officer and/or the Board of Trustees, depending on established criteria. Budget augmentations in excess of original budgetary amounts may be made only with prior approval of the Lyon County School District Board of Trustees, following a scheduled and noticed public hearing.

In accordance with state statute, actual expenditures may not exceed budgetary appropriations at the program level for governmental funds, except for bond repayments, short-term financing repayment and any other long-term contract expressly authorized by law or payments for the construction of public works from funds provided by the proceeds of a sale of bonds or short-term financing. Internal service funds' level of budgetary control is the sum of operating and non-operating expenses.

NOTE 3 – CASH EQUIVALENTS AND INVESTMENTS

Cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. Cash equivalents are short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

As of June 30, 2019, the District had the following amounts reported as cash and investments:

Government-Wide Balances:	
Pooled cash	\$ 3,282,228
Investments	18,509,655
	<u>21,791,883</u>
Fiduciary Funds:	
Student Activity Funds cash	818,501
Student Scholarship Fund investments	943,889
	<u>1,762,390</u>
	<u>\$ 23,554,273</u>

A portion of the District's cash and investments is restricted by Nevada Statutes. The amount restricted at June 30, 2019, is \$585,000, which is held in a restricted bank account to secure future workers' compensation claims.

LYON COUNTY SCHOOL DISTRICT

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Except for financial reporting purposes, the cash and investments balances in the Fiduciary funds are not normally considered part of the District's pooled cash and investments. These amounts represent cash and investments held in an agency capacity by the District and cannot be used in its normal operations.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or 3 inputs.

As of June 30, 2019, the District had the following recurring fair value measurements:

	Fair Value	Fair Value Measurements Using Input Levels		
		1	2	3
Investments:				
WFB Advantage Gov't MM	\$ 404,845	\$ 404,845	\$ -	\$ -
Corporate Bonds	3,220,430	3,220,430	-	-
U.S. Treasury Notes	3,387,099	3,387,099	-	-
Corporate Asset Backed Securities	2,782,108	2,782,108	-	-
Mtg Backed Securities	4,313,435	4,313,435	-	-
	\$ 14,107,917	\$ 14,107,917	\$ -	\$ -
Investments Not Classified by Level:				
Accrued interest	52,550			
State of NV Local Government				
Investment Pool	5,293,077			
Total Investments	\$ 19,453,544			

Except for the investment identified as the State of Nevada Local Government Investment Pool (LGIP), Wells Fargo Bank is the District's custodian for the investments and Buckhead Capital Management is the District's investment advisor and portfolio manager. Securities purchased in the District's portfolio are held in a separate safekeeping account at Wells Fargo Bank and registered in the name of the District. Specific investment guidelines, originally established by the State of Nevada's NVest program, are in place to address the various types of investment risk.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP),

LYON COUNTY SCHOOL DISTRICT

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which is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities. The fair value of the District's position in the pool equals the value of the pool shares, as determined daily. The \$3,684,388 investment in LGIP is carried at fair value. The Pool is an unrated external investment pool with an average weighted maturity of less than a year.

As of June 30, 2019, the District's investments had the following maturities:

	Fair Value	Investment Maturities (In Years)		
		< 1	1-3	>3
Corporate Bonds	\$ 3,220,430	\$ 261,247	\$ 2,296,487	\$ 662,696
U.S. Treasury Notes	3,387,099	-	3,387,099	-
Corporate Asset Backed Securities	2,782,108	-	1,172,280	1,609,828
Mortgage Backed Securities	4,313,435	981,241	2,055,722	1,276,472
	13,703,072	<u>\$ 1,242,488</u>	<u>\$ 8,911,588</u>	<u>\$ 3,548,996</u>
Government Money Market Fund	404,845			
Accrued interest	52,550			
Investments held by Wells Fargo	14,160,467			
Local Government Investment Pool	5,293,077			
Total Investments	<u>\$ 19,453,544</u>			

Interest Rate Risk

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. To limit exposure to interest rate risk, Nevada Statutes limits banker's acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturities. The District's investment in U.S. Agency mortgage backed securities consists of securities issued by the Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loans Bank. Since investments in these agencies are in many cases backed by assets such as mortgages they are subject to prepayment risk.

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Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. Nevada Statutes limit investment in money market mutual funds and asset-backed securities to the "AAA" rating (or equivalent) by a nationally recognized statistical rating organization. The District's corporate securities are in most cases rated by both Standard & Poor's and Moody's rating agencies as indicated above. The U.S. Agency pools and mortgage-backed securities are backed by the U.S. government and unrated.

Concentration Risk

To limit exposure to concentrations of credit risk, the District's investment guidelines limit investment in asset backed securities, bankers' acceptances, non-U.S. agency collateralized mortgage obligations, commercial paper, corporate notes, negotiable certificates of deposit and U.S. Treasuries to 20% of total par value of the portfolio on the date of purchase. The District has less than 5% of total investments in any single issuer, excluding U.S. government obligations and pooled investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer.

NOTE 4 – RECEIVABLES

The District's governmental funds reported the following receivables as of June 30, 2019:

	<u>Taxes Receivable</u>	<u>Due from Other Gov't.</u>	<u>Total Receivables</u>
<i>Major Governmental Funds:</i>			
General	\$ 155,086	\$ 6,818,424	\$ 6,973,510
Debt Service	80,749	-	80,749
<i>Other Governmental Funds</i>	<u>72,171</u>	<u>2,906,489</u>	<u>2,978,660</u>
Total Governmental Funds	<u>\$ 308,006</u>	<u>\$ 9,724,913</u>	<u>\$10,032,919</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The costs of workers' compensation and unemployment benefits are accounted for in the respective internal service fund. All funds from which salaries are paid are charged a percent of gross payroll to recover the cost of benefits. Some federal and state grants had cash deficits at year end due to outstanding cash requests.

Interfund receivable and payable balances at June 30, 2019 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,497,092	\$ -
Nonmajor Governmental Funds:		
Federal Grants	-	712,607
State Grants Fund	-	784,485
	<u>\$ 1,497,092</u>	<u>\$ 1,497,092</u>

During the year, the General Fund transferred \$8,400,000 to the Special Education Fund to cover operating costs not sufficiently covered by state revenues.

NOTE 6 – CAPITAL ASSETS

A summary of the District's capital asset balance and activity as of and for the year ended June 30, 2019 is presented on the following page.

Depreciation expense was charged to programs and functions as follows:

Instruction	\$ 135,054
Support services	811,353
Transportation	653,983
Food Services Operations	23,589
Facilities	<u>3,604,131</u>
	<u>\$ 5,228,110</u>

LYON COUNTY SCHOOL DISTRICT

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	Balance June 30, 2018	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2019
Nondepreciable Capital Assets				
Land	\$ 8,830,484	\$ -	\$ -	\$ 8,830,484
Construction in progress	1,287,385	2,144,442	(3,402,566)	29,261
	<u>10,117,869</u>	<u>2,144,442</u>	<u>(3,402,566)</u>	<u>8,859,745</u>
Depreciable Capital Assets				
Buildings and improvements	145,633,141	345,287	(83,675)	145,894,753
Infrastructure	17,527,571	3,069,707	-	20,597,278
Equipment and vehicles	28,793,075	820,024	(356,359)	29,256,740
	<u>191,953,787</u>	<u>4,235,018</u>	<u>(440,034)</u>	<u>195,748,771</u>
Less accumulated depreciation:				
Buildings and improvements	(54,464,728)	(3,016,195)	81,235	(57,399,688)
Infrastructure	(7,137,266)	(789,153)	-	(7,926,419)
Equipment and vehicles	(20,240,997)	(1,422,762)	325,841	(21,337,918)
	<u>(81,842,991)</u>	<u>(5,228,110)</u>	<u>407,076</u>	<u>(86,664,025)</u>
Depreciable assets, net	<u>110,110,796</u>	<u>(993,092)</u>	<u>(32,958)</u>	<u>109,084,746</u>
Governmental Activities				
Capital Assets, net	<u>\$ 120,228,665</u>	<u>\$ 1,151,350</u>	<u>\$ (3,435,524)</u>	<u>\$ 117,944,491</u>

NOTE 7 – LONG-TERM DEBT

The District's long-term liability activity is summarized as follows:

Changes in Long-Term Debt

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 56,136,000	\$ -	\$ 5,421,000	\$ 50,715,000	\$ 5,401,000
Deferred amounts for issuance of premiums	3,629,005	-	304,446	3,324,559	304,466
Compensated absences	1,415,490	34,425	-	1,449,915	-
Totals	<u>\$ 61,180,495</u>	<u>\$ 34,425</u>	<u>\$ 5,725,446</u>	<u>\$ 55,489,474</u>	<u>\$ 5,705,466</u>

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The District's liability related to its participation in the State of Nevada Public Employees Retirement System (PERS) is discussed at Note 9 and its liability related to other postemployment benefits is discussed at Note 10. The liability for compensated absences is generally extinguished through General Fund resources.

General Obligation Bonds

Bonds payable at June 30, 2019 are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Date Issued	Date of Final Maturity	Interest Rate	Original Amount Issued	Balance on June 30, 2019	Principal Due Within One Year
2005C	9/20/05	4/1/25	3.625% - 5.0%	\$ 13,000,000	\$ 2,865,000	\$ 915,000
2010	8/10/10	6/1/30	2.0% - 4.5%	5,050,000	1,260,000	160,000
2011	6/21/11	6/1/26	3.76%	5,000,000	3,310,000	420,000
2012	4/11/12	6/1/32	0.0% - 3.75%	7,955,000	5,380,000	940,000
2013	3/13/13	4/1/25	1.25% - 2.5%	9,765,000	5,535,000	1,460,000
2015	12/10/15	6/1/23	1.03% - 2.45%	1,600,000	1,135,000	255,000
2016A	6/21/16	4/1/36	3.000%	6,400,000	6,300,000	100,000
2017	3/15/17	4/1/28	2.690%	11,451,000	7,030,000	276,000
2017	8/8/17	6/1/30	3.0% - 5.0%	17,900,000	17,900,000	875,000
					<u>\$ 50,715,000</u>	<u>\$ 5,401,000</u>

At June 30, 2019, the District's limit of bonded indebtedness as defined by NRS 387.400 was \$275,824,217. The District had \$50,715,000 in bonded debt outstanding, leaving an unused bonding capacity of \$225,109,217. However, there are other factors which could limit the District's bonding capacity, such as overlapping tax rates, available revenues, market conditions, and project specifications.

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2019 are as follows:

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 5,401,000	\$ 1,799,400	\$ 7,200,400
2021	5,804,000	1,633,817	7,437,817
2022	6,155,000	1,452,131	7,607,131
2023	5,720,000	1,211,665	6,931,665
2024	5,102,000	979,638	6,081,638
2025-2029	18,238,000	2,463,090	20,701,090
2030-2034	3,295,000	429,010	3,724,010
2035-2036	1,000,000	45,000	1,045,000
	<u>\$ 50,715,000</u>	<u>\$ 10,013,751</u>	<u>\$ 60,728,751</u>

The principal amounts shown about exclude unamortized bond premiums of \$3,324,559 as of June 30, 2019.

Interest expense reported in the governmental funds for 2019 was \$1,954,709.

Advance Refundings

For bond refunds resulting in the defeasance of the debt reported in the district-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The unamortized amount is presented as a deferred outflow of resources. As of June 30, 2019, this deferred outflow of resources was \$1,572,960. The amortization in 2019 was \$200,946 and was included with interest expense in the Statement of Activities.

NOTE 8 – RISK FINANCING

Self-Insured Workers Compensation Benefits

Effective July 1, 2003, the District adopted a self-insured program for providing workers compensation benefits paid due to work related injuries. The program is accounted for in the Workers Compensation Insurance Fund. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. The liability for incurred but unreported claims as of June 30, 2019 is \$1,200,000 as determined by an independent actuary.

Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims. Changes in the claims liability for the current and prior year are:

LYON COUNTY SCHOOL DISTRICT

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	2019	2018
Balance, July 1	\$ 1,135,000	\$ 1,111,000
Current year claims and changes in estimates	543,479	301,102
Claim payments	(478,479)	(277,102)
Balance, June 30	<u>\$ 1,200,000</u>	<u>\$ 1,135,000</u>

Self-Insured Health Care Insurance (Group Insurance Fund)

In December 2018, the District became self-insured for its group health care coverage, pursuant to NRS 287.010(1), for claims beginning in January 2019. The District has contracted with a third-party to provide administration and payment of the claims. The Group Insurance Fund collects interfund charges from the operating funds of the District, based on established by the District's Insurance Committee. Claims are paid by the District upon receipt of a monthly invoice from the third-party administrator.

The District has a stop-loss policy, which limits its liability relative to the participants' claims. The individual limit is \$200,000 and the aggregate limit is \$1,000,000. Claims paid by the District in excess of these limits are reimbursable to the District.

An approximate 1,100 employees and 630 dependents are enrolled in this plan. (These figures were provided by the third-party administrator and are as of December 31, 2019.)

For the period of inception through June 30, 2019, the District collected \$4,478,928 in interfund charges (premiums) and paid \$3,903,947 for claims. No provision for claims incurred but not reported (IBNR) has been recorded in these financial statements.

Property and Liability Claims

The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to \$25,000 per occurrence. Claims are paid from the Insurance Loss Fund, which is supported by transfers from the General Fund. The amount of annual transfer, if any, is based on historical claims information and the Insurance Loss Fund's current balance. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the State of Nevada Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, and death benefits, including

LYON COUNTY SCHOOL DISTRICT

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annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Benefits Provided

Benefits provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and on or after July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service. Regular members who entered the System on or after July 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

Contribution provisions are specified by state statute and may be amended only by action of the State legislature. Contribution rates are based on biennial actuarial valuations and are expected to finance the costs

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of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The District's contributions to the Plan were \$7,162,970 and \$6,875,462 for the years ended June 30, 2019 and 2018.

PERS Investment Policy

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board's adopted policy target asset allocation as of June 30, 2018:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	42%	5.50%
Private Markets	10%	6.80%
International Stocks	18%	5.75%
U.S. Bonds	30%	0.25%
	<u>100%</u>	

Net Pension Liability

At June 30, 2019, the District reported a liability of \$100,599,130 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2018, the District's proportion of the regular plan was .73765%, which was a decrease from its .73864% proportion measured as of June 30, 2017.

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate of 7.5%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.50%) or 1.00 percentage point higher (8.50%) than the current discount rate of 7.50%.

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability	\$ 153,409,602	\$ 100,599,130	\$ 56,716,704

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the Comprehensive Annual Financial Report, available on the NVPERS website.

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5% per year.
Salary increases	4.25% to 9.15% depending on service.
Inflation rate	2.75% per year.
Payroll growth	5.00% per year, including inflation.
Productivity pay increase	0.50%
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience review completed in 2018.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of \$6,675,154. As of June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,151,489	\$ 4,669,527
Changes in assumptions	5,300,938	
Net difference between projected and actual earnings on pension plan assets	-	478,950
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,152,123	1,859,318
The District's contributions subsequent to the measurement date	7,162,970	-
	<u>\$ 16,767,520</u>	<u>\$ 7,007,795</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Years Ending June 30	Amount
2020	\$ 1,809,746
2021	482,001
2022	(1,240,702)
2023	671,462
2024	769,857
Thereafter	104,392
	<u>\$ 2,596,756</u>

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retirees of the District may receive these other postemployment benefits (OPEB) through the Nevada Public Employees' Benefits Program (PEBP) or through the District's healthcare plan offered to its active employees.

Plan Descriptions

Nevada Public Employees' Benefits Program

The District contributes to the Nevada Public Employees' Benefits Program (PEBP), an agent, multiple-employer defined benefit plan, which provides medical benefits to eligible retired District employees and their beneficiaries. PEBP is administered by the Board of the Public Employees' Benefits Program, consisting of nine appointed members. Before November 30, 2008, NRS 287.023 allowed retirees of local governments meeting established criteria to enroll in the PEBP and required the local governments to subsidize the cost of their retirees' premiums. Although retirees may no longer enroll in the PEBP, retirees enrolled as of November 30, 2008 may remain in the plan with continued premium subsidies paid by the District. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the Nevada Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also located on their website at www.pebp.state.nv.us, or by calling (800) 326-5496.

Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which was effective for fiscal years beginning after June 15, 2016, makes changes to the financial reporting for OPEB plans administered through trusts which meet certain criteria. PEBP is administered by the State of Nevada and is not considered a "plan" for GASB 74 purposes. (However, to enhance the understanding of this footnote, this PEBP program may be referred to as a "plan.") Any assets accumulated for OPEB purposes are to be reported as assets of the employer.

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$357,887 during the year on behalf of 172 participating retirees.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Lyon County School District Healthcare Plan

The District administers a single-employer defined benefit healthcare plan. This plan provides postemployment healthcare benefits to retirees of the District. Any retiree who participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium rate which is charged to the District's active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report has not been issued for this plan. The District has elected to pay the implicit cost of postemployment benefits on the *pay-as-you-go* basis.

Plan membership consisted of 1,019 active plan members and 81 retirees as of June 30, 2018, the date of the latest actuarial valuation. The District contributed \$162,296 on their behalf during the year ended June 30, 2019.

NRS 288.150 specifies that insurance benefits are subject to mandatory bargaining. The amount employees contribute towards their insurance premium is negotiated with each association.

Actuarial Methods and Assumptions

The District's net OPEB liability for each plan was measured as of June 30, 2018, and the total OPEB liabilities used to calculate their respective net OPEB liability were determined by actuarial valuations for each plan as of June 30, 2018.

The total OPEB liability in the actuarial valuation for each plan was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

	District	PEBP
Inflation	2.75%	2.75%
Salary increases	4%	N/A
Discount rate		
As of June 30, 2018	2.98%	2.98%
As of June 30, 2017	3.13%	3.13%
Healthcare inflation		
<i>Pre-Medicare:</i>		
Initial	n/a	6.00%
2024 and later	n/a	5.00%
<i>Medicare:</i>		
Initial	6.00%	4.50%
2024 and later	5.00%	4.50%

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Mortality rates used were those based on the June 30, 2018 report of Nevada PERS and were adjusted by applying the MacLeod Watts Scale 2018 on a generational basis from 2018 forward.

Sensitivity of the OPEB Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liabilities of the District's plan and PEBP, as well as what the liabilities would be if they were calculated using a discount rate that is 1% lower (1.98%) or 1% higher (3.98%).

<u>Net OPEB Liability</u>	<u>1% Decrease in Discount Rate to 1.98%</u>	<u>Current Discount Rate 2.98%</u>	<u>1% Increase in Discount Rate to 3.98%</u>
District	\$ 4,487,933	\$ 4,131,854	\$ 3,819,247
PEBP	6,716,456	5,940,741	5,298,282
	<u>\$ 11,204,389</u>	<u>\$ 10,072,595</u>	<u>\$ 9,117,529</u>

The following presents the net OPEB liabilities of the District's Plan and PEBP, as well as what the liabilities would be if they were calculated using a 1% decrease and a 1% increase in the healthcare cost trend rate.

<u>Net OPEB Liability</u>	<u>1% Decrease in Current Trend</u>	<u>Current Trend</u>	<u>1% Increase in Current Trend</u>
District	\$ 3,822,713	\$ 4,131,854	\$ 4,485,750
PEBP	5,328,633	5,940,741	6,661,970
	<u>\$ 9,151,346</u>	<u>\$ 10,072,595</u>	<u>\$ 11,147,720</u>

OPEB Expense and Deferred Outflows of Resources and Inflows Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$465,588 for the District Plan and \$520,316 for PEBP. As of June 30, 2019, the District reported deferred outflows of \$357,887, and deferred inflows of \$-0- for PEBP. The deferred amounts for the District plan were as follows:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

	District Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 612,629	\$ 188,338
Differences in experience	-	516,814
Deferred contributions	162,296	-
	<u>\$ 774,925</u>	<u>\$ 705,152</u>

Change in Net OPEB Liability

The following table depicts the District's changes in the net OPEB liability for the year ended June 30, 2019:

	District	PEBP	Combined
Balance, July 1, 2018	\$ 3,638,629	\$ 5,801,237	\$ 9,439,866
Changes for the Year:			
Service cost	353,881	-	353,881
Interest cost	123,565	175,619	299,184
Changes of assumptions	673,648	501,406	1,175,054
Changes of benefit terms	-	24,182	24,182
Plan experience	(568,389)	(180,891)	(749,280)
Benefit payments	(89,480)	(380,812)	(470,292)
Net Changes	<u>493,225</u>	<u>139,504</u>	<u>632,729</u>
Balance, June 30, 2019	<u>\$ 4,131,854</u>	<u>\$ 5,940,741</u>	<u>\$ 10,072,595</u>

NOTE 11 – FUND BALANCE, NET ASSETS, RESTRICTIONS AND RESERVATIONS

District-Wide Financial Statements

The district-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as invested in capital assets-net of related debt, restricted and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction or improvement of capital assets.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Restricted net position is comprised of net assets which have third-party limitation on their use, whether statutory or imposed by a bond covenant or granting agency. Restricted net position is classified either by function, debt service, project, or claims. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The restriction for debt service represents net position legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs.

Unrestricted net position represent available financial resources of the District.

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The District reports the following classifications:

Non-spendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The General Fund reports non-spendable fund balance for the carrying amount of inventories held at year-end.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

The Debt Service Fund reports restricted fund balance for amounts that are legally restricted to the payment of long-term debt principal and interest maturing in future years.

The Bond Projects Fund and the Capital Projects funds report restricted fund balance for amounts related to construction contracts for which the District is committed, but the capital project is not yet complete.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Assigned fund balance in the General Fund represents an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Assigned fund balance in the Special Education Fund represents amounts intended to be used for special education and related services.

Unassigned – the residual classification for the General Fund.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – as needed, unless the Board has provided for otherwise in its commitment or assignment actions.

The following table is a summary of the District's fund balances at June 30, 2019:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Bond Projects Fund		
Fund Balances						
Nonspendable inventories	\$ 108,618	\$ -	\$ -	\$ -	\$ 39,228	\$ 147,846
Restricted for:						
Debt service	-	-	5,423,887	-	-	5,423,887
Capital projects	-	-	-	1,041,604	3,739,431	4,781,035
Assigned to:						
Education services	-	42,435	-	-	175,958	218,393
Food service	-	-	-	-	718,350	718,350
Subsequent year's budget	4,063,922	-	-	-	-	4,063,922
Unassigned	2,634,926	-	-	-	-	2,634,926
Total Fund Balance	\$ 6,807,466	\$ 42,435	\$ 5,423,887	\$ 1,041,604	\$ 4,672,967	\$ 17,988,359

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 12 – COMPLIANCE WITH NEVADA REVISED STATUTES (NRS)

The following possible violations of NRS 354.626 with respect to expenditures in excess of appropriations were noted for the year ended June 30, 2019:

<u>Fund</u>	<u>Program</u>	<u>Expenditures in Excess of Appropriations</u>
State Grants	Undistributed Expenditures	\$ 46,584
Debt Service	N/A	4,859
Unemployment		
Insurance	N/A	1,425

NRS 354.624(2)(a) requires that the audit be completed and submitted to the Board of Trustees not later than October 31st (four months after the end of the fiscal year). As provided for by NRS 354.624(1), the District requested an extension for filing, citing circumstances attributable to the malware attack experienced by the District in July 2019. The date of the auditors' opinion on these financial statements is February 14, 2020.

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2020.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2021.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 14 – SUBSEQUENT EVENTS

In early July 2019, the District's information technology systems were the victim of a ransomware attack. Although the attack did not result in the exposure or theft of District information, it disrupted the District's business operations, including its email, internet, and phone lines, which prevented District employees, including its business and finance department, from completing certain day-to-day tasks. District payments to vendors were temporarily disrupted. The District's insurance carrier negotiated a ransom and the District regained access to its systems approximately 10 days later. Despite regaining access, the District continues to recover from the impact of the attack.

In October 2019, the District closed on the \$7,055,000 General Obligation Refunding Bonds, Series 2019. Bond proceeds of \$8,317,255 were used to refund existing bond issues and pay the associated bond issue costs. The projected present value savings of this bond issue is \$331,200.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*

	2019			2018		
	District	PEBP	Total	District	PEBP	Total
Total OPEB Liability						
Service cost	\$ 353,881	\$ -	\$ 353,881	\$ 374,429	\$ -	\$ 374,429
Interest	123,565	175,619	299,184	101,987	164,403	266,390
Changes in benefit terms	-	24,182	24,182	-	-	-
Differences between expected and actual experience	(568,389)	(180,891)	(749,280)	-	-	-
Changes in assumptions	(231,142)	(300,228)	(531,370)	(231,142)	(300,228)	(531,370)
Benefit payments	(89,480)	(380,812)	(470,292)	(75,389)	(394,781)	(470,170)
Net change in Total OPEB Liability	(411,565)	(662,130)	(1,073,695)	169,885	(530,606)	(360,721)
Total OPEB Liability, beginning	3,638,629	5,801,237	9,439,866	3,468,744	6,331,843	9,800,587
Total OPEB Liability, ending	3,227,064	5,139,107	8,366,171	3,638,629	5,801,237	9,439,866
Plan Fiduciary Net Position						
Employer contributions	89,480	380,812	1,028,921	75,389	394,781	1,028,921
Net investment income	-	-	-	-	-	-
Benefit payments	(89,480)	(380,812)	(1,028,921)	(75,389)	(394,781)	(1,028,921)
Net change in Plan Fiduciary Net Position	-	-	-	-	-	-
Plan Fiduciary Net Position, beginning	-	-	-	-	-	-
Plan Fiduciary Net Position, ending	-	-	-	-	-	-
District's Net OPEB Liability	\$ 3,227,064	\$ 5,139,107	\$ 8,366,171	\$ 3,638,629	\$ 5,801,237	\$ 9,439,866
Covered payroll	\$ 47,121,055	N/A	N/A	\$ 45,228,239	N/A	N/A
District's Net OPEB Liability as a percentage of covered payroll	8.77%	N/A	N/A	8.05%	N/A	N/A

*GASB Statement No. 75 requires ten years of information to be presented. However, until all 10 years of data is available the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL (NET PENSION LIABILITY) PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS*

	Plan Year Ended				
	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.73765%	0.73864%	0.75753%	0.74096%	0.74190%
District's proportionate share of the Net Pension Liability	\$ 100,599,130	\$ 98,237,626	\$ 101,942,119	\$ 84,909,369	\$ 77,321,756
District's covered employee payroll	\$ 50,453,598	\$ 48,705,600	\$ 46,963,783	\$ 45,566,218	\$ 44,186,238
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	199.39%	201.70%	217.07%	186.34%	174.99%
Plan fiduciary net position as a percentage of the Total Pension Liability	75.23%	74.42%	72.20%	75.10%	76.30%

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS*

	Determined for the Year Ended				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 7,162,970	\$ 6,875,462	\$ 6,422,758	\$ 11,410,032	\$ 11,377,956
Contributions in relation to the statutorily required contribution	<u>7,162,970</u>	<u>6,875,462</u>	<u>6,422,758</u>	<u>11,410,032</u>	<u>11,377,956</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 50,453,598	\$ 48,705,600	\$ 46,963,783	\$ 45,566,218	\$ 44,186,238
Contributions as a percentage of covered employee payroll	14.20%	14.12%	13.68%	25.04%	25.75%

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 7,795,894	\$ 7,795,894	\$ 7,783,803	\$ (12,091)	\$ 7,491,345
Earnings on investments	10,000	10,000	305,705	295,705	53,619
Total Revenue	7,805,894	7,805,894	8,089,508	283,614	7,544,964
EXPENDITURES					
Debt Service:					
Principal retirement	5,421,000	5,421,000	5,421,000	-	5,409,000
Interest	1,955,450	1,955,450	1,954,709	741	1,928,944
Other	-	-	5,600	(5,600)	259,844
	7,376,450	7,376,450	7,381,309	(4,859)	7,597,788
Revenues Over (Under)					
Expenditures	429,444	429,444	708,199	278,755	(52,824)
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	-	-	-	17,900,000
Bond premium	-	-	-	-	3,363,808
Payment to refunded bonds escrow agent	-	-	-	-	(21,002,097)
	-	-	-	-	261,711
Net Change in Fund Balance	429,444	429,444	708,199	278,755	208,887
FUND BALANCE, July 1	4,605,409	4,656,752	4,715,688	58,936	4,506,801
FUND BALANCE, June 30	\$ 5,034,853	\$ 5,086,196	\$ 5,423,887	\$ 337,691	\$ 4,715,688

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ -	\$ -	\$ 59,545	\$ 59,545	\$ 44,401
EXPENDITURES					
Undistributed Expenditures:					
Operation and Maintenance:					
Purchased services	-	-	-	-	3,779
Student Transportation:					
Property	-	-	-	-	60,149
Total Support Services	-	-	-	-	63,928
Facilities Acquisition and Construction:					
Architectural and Engineering Services:					
Purchased services	-	117,000	118,019	(1,019)	214,731
Other	-	-	3,500	(3,500)	4,790
	-	117,000	121,519	(4,519)	219,521
Building Acquisition and Construction:					
Purchased services	-	1,400,000	1,373,643	26,357	724,382
Property	-	-	-	-	561,557
Other	-	-	-	-	18,929
	-	1,400,000	1,373,643	26,357	1,304,868
Site Improvements:					
Purchased services	1,880,000	743,000	-	743,000	-
Building Improvements:					
Purchased services	-	-	7,600	(7,600)	-
Total Facilities Acquisition and Construction	1,880,000	2,260,000	1,502,762	757,238	1,524,389

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
Total Expenditures	\$ 1,880,000	\$ 2,260,000	\$ 1,502,762	\$ 757,238	\$ 1,588,317
Revenues Over (Under) Expenditures	<u>(1,880,000)</u>	<u>(2,260,000)</u>	<u>(1,443,217)</u>	<u>816,783</u>	<u>(1,543,916)</u>
OTHER FINANCING SOURCES					
Proceeds from bond sale	<u>15,291,008</u>	<u>16,000,000</u>	<u>-</u>	<u>(16,000,000)</u>	<u>-</u>
Net Change in Fund Balance	13,411,008	13,740,000	(1,443,217)	(15,183,217)	(1,543,916)
FUND BALANCE, July 1	<u>2,388,098</u>	<u>2,445,735</u>	<u>2,484,821</u>	<u>39,086</u>	<u>4,028,737</u>
FUND BALANCE, June 30	<u>\$ 15,799,106</u>	<u>\$ 16,185,735</u>	<u>\$ 1,041,604</u>	<u>\$ (15,144,131)</u>	<u>\$ 2,484,821</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
ASSETS						
Cash and investments	\$ -	\$ 109,135	\$ 795,721	\$ 37,238	\$ 433,586	\$ 290
Receivables	1,449,438	-	124,352	-	-	-
Inventories	-	-	39,228	-	-	-
Total Assets	<u>\$ 1,449,438</u>	<u>\$ 109,135</u>	<u>\$ 959,301</u>	<u>\$ 37,238</u>	<u>\$ 433,586</u>	<u>\$ 290</u>
LIABILITIES						
Accounts payable	\$ 90,615	\$ -	\$ 52,009	\$ -	\$ -	\$ 290
Accrued payroll	446,372	-	146,882	35,271	433,576	-
Due to other funds	712,607	-	-	-	-	-
Unearned revenues	199,844	-	2,832	-	-	-
Total Liabilities	<u>1,449,438</u>	<u>-</u>	<u>201,723</u>	<u>35,271</u>	<u>433,576</u>	<u>290</u>
FUND BALANCES						
Nonspendable	-	-	39,228	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	109,135	718,350	1,967	10	-
Total Fund Balances	<u>-</u>	<u>109,135</u>	<u>757,578</u>	<u>1,967</u>	<u>10</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,449,438</u>	<u>\$ 109,135</u>	<u>\$ 959,301</u>	<u>\$ 37,238</u>	<u>\$ 433,586</u>	<u>\$ 290</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018)

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	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	NEW NEVADA PLAN	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
ASSETS						
Cash and investments	\$ -	\$ 96,451	\$ 65,501	\$ 1,537,922	\$ 2,274,322	\$ 185,112
Receivables	1,332,699	-	-	2,906,489	72,171	-
Inventories	-	-	-	39,228	-	-
Total Assets	\$ 1,332,699	\$ 96,451	\$ 65,501	\$ 4,483,639	\$ 2,346,493	\$ 185,112
LIABILITIES						
Accounts payable	\$ 76,403	\$ 5,597	\$ 4,880	\$ 229,794	\$ -	\$ -
Accrued payroll	223,906	26,008	60,621	1,372,636	-	-
Due to other funds	784,485	-	-	1,497,092	-	-
Unearned revenues	247,905	-	-	450,581	-	-
Total Liabilities	1,332,699	31,605	65,501	3,550,103	-	-
FUND BALANCES						
Nonspendable	-	-	-	39,228	-	-
Restricted	-	-	-	-	2,346,493	185,112
Assigned	-	64,846	-	894,308	-	-
Total Fund Balances	-	64,846	-	933,536	2,346,493	185,112
Total Liabilities and Fund Balances	\$ 1,332,699	\$ 96,451	\$ 65,501	\$ 4,483,639	\$ 2,346,493	\$ 185,112

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2018)

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	<u>CAPITAL PROJECTS FUNDS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	
	<u>RES CONSTR TAX</u>	<u>TOTAL</u>	<u>2019</u>	<u>2018</u>
ASSETS				
Cash and investments	\$ 1,207,826	\$ 3,667,260	\$ 5,205,182	\$ 4,281,402
Receivables	-	72,171	2,978,660	5,098,556
Inventories	-	-	39,228	37,019
Total Assets	<u>\$ 1,207,826</u>	<u>\$ 3,739,431</u>	<u>\$ 8,223,070</u>	<u>\$ 9,416,977</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 229,794	\$ 403,355
Accrued payroll	-	-	1,372,636	1,351,989
Due to other funds	-	-	1,497,092	3,264,130
Unearned revenues	-	-	450,581	303,433
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,550,103</u>	<u>5,322,907</u>
FUND BALANCES				
Nonspendable	-	-	39,228	37,019
Restricted	1,207,826	3,739,431	3,739,431	2,972,485
Assigned	-	-	894,308	1,084,566
Total Fund Balances	<u>1,207,826</u>	<u>3,739,431</u>	<u>4,672,967</u>	<u>4,094,070</u>
Total Liabilities and Fund Balances	<u>\$ 1,207,826</u>	<u>\$ 3,739,431</u>	<u>\$ 8,223,070</u>	<u>\$ 9,416,977</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
REVENUES						
Local sources	\$ -	\$ -	\$ 765,214	\$ 1,103	\$ -	\$ 25,587
State sources	-	-	12,836	188,518	2,575,365	-
Federal sources	5,875,105	-	2,924,988	-	-	-
Total Revenues	5,875,105	-	3,703,038	189,621	2,575,365	25,587
EXPENDITURES						
Regular programs	2,237,715	-	-	-	1,800,000	5,053
Special programs	1,326,850	-	-	-	775,355	-
Vocational programs	104,025	-	-	-	-	-
Adult instruction	-	-	-	188,518	-	-
Other instructional programs	130,478	-	-	-	-	-
Support Services:						
Student support	867,818	-	-	-	-	-
Instructional staff support	661,845	-	-	-	-	6,168
General administration	-	-	-	-	-	-
School administration	30,000	-	-	-	-	2,000
Central services	304,204	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	10,541
Student transportation	34,849	-	-	-	-	-
Noninstructional services:						
Food service	58,506	-	3,829,907	-	-	-
Community service	118,815	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	1,825
Total Expenditures	5,875,105	-	3,829,907	188,518	2,575,355	25,587
Revenues Over (Under) Expenditures	-	-	(126,869)	1,103	10	-
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers (to) from other funds	-	-	-	-	-	-
Net Changes in Fund Balances	-	-	(126,869)	1,103	10	-
FUND BALANCE, July 1	-	109,135	884,447	864	-	-
FUND BALANCE, June 30	\$ -	\$ 109,135	\$ 757,578	\$ 1,967	\$ 10	\$ -

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

Page 2 of 3

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	NEW NEVADA PLAN	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
REVENUES						
Local sources	\$ -	\$ -	\$ -	791,904	\$ 830,492	\$ 21,217
State sources	2,595,383	-	521,998	5,894,100	-	-
Federal sources	-	446,745	-	9,246,838	-	-
Total Revenues	<u>2,595,383</u>	<u>446,745</u>	<u>521,998</u>	<u>15,932,842</u>	<u>830,492</u>	<u>21,217</u>
EXPENDITURES						
Regular programs	1,173,324	-	-	5,216,092	-	-
Special programs	10,286	509,038	-	2,621,529	-	-
Vocational programs	204,731	-	-	308,756	-	-
Adult instruction	-	-	-	188,518	-	-
Other instructional programs	353,512	-	-	483,990	-	-
Support Services:				-		
Student support	405,420	-	521,998	1,795,236	-	-
Instructional staff support	89,330	-	-	757,343	-	-
General administration	226,125	-	-	226,125	-	-
School administration	-	-	-	32,000	-	-
Central services	2,803	-	-	307,007	-	-
Operations and maintenance	1,111	-	-	11,652	-	-
Student transportation	128,741	-	-	163,590	-	-
Noninstructional services:				-		
Food service	-	-	-	3,888,413	-	-
Community service	-	-	-	118,815	-	-
Facilities acquisition and construction	-	-	-	1,825	575,940	-
Total Expenditures	<u>2,595,383</u>	<u>509,038</u>	<u>521,998</u>	<u>16,120,891</u>	<u>575,940</u>	<u>-</u>
Revenues Over (Under)						
Expenditures	-	(62,293)	-	(188,049)	254,552	21,217
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	-	-
Transfers from other funds	-	-	-	-	-	-
Net Changes in Fund Balances	-	(62,293)	-	(188,049)	254,552	21,217
FUND BALANCE, July 1	<u>-</u>	<u>127,139</u>	<u>-</u>	<u>1,121,585</u>	<u>2,091,941</u>	<u>163,895</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 64,846</u>	<u>\$ -</u>	<u>\$ 933,536</u>	<u>\$ 2,346,493</u>	<u>\$ 185,112</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTALS	
	RES CONSTR TAX	TOTAL CAPITAL PROJECTS	2019	2018
REVENUES				
Local sources	\$ 491,177	\$ 1,342,886	\$ 2,134,790	\$ 2,116,358
State sources	-	-	5,894,100	5,522,599
Federal sources	-	-	9,246,838	9,484,094
Total Revenues	491,177	1,342,886	17,275,728	17,123,051
EXPENDITURES				
Regular programs	-	-	5,216,092	5,975,756
Special programs	-	-	2,621,529	2,137,506
Vocational programs	-	-	308,756	261,465
Adult instruction	-	-	188,518	214,666
Other instructional programs	-	-	483,990	233,736
Support Services:				
Student support	-	-	1,795,236	1,457,298
Instructional staff support	-	-	757,343	1,185,556
General administration	-	-	226,125	173,968
School administration	-	-	32,000	198
Central services	-	-	307,007	398,163
Operations and maintenance	-	-	11,652	48,911
Student transportation	-	-	163,590	164,093
Noninstructional services:				
Food service	-	-	3,888,413	3,393,380
Community service	-	-	118,815	29,080
Facilities acquisition and construction	-	575,940	577,765	929,261
Total Expenditures	-	575,940	16,696,831	16,603,037
Revenues Over (Under) Expenditures	491,177	766,946	578,897	520,014
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	-	60,300
Transfers from other funds	-	-	-	90,681
Net Changes in Fund Balances	491,177	766,946	578,897	670,995
FUND BALANCE, July 1	716,649	2,972,485	4,094,070	3,423,075
FUND BALANCE, June 30	\$ 1,207,826	\$ 3,739,431	\$ 4,672,967	\$ 4,094,070

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources	\$ -	\$ 5,903,479	\$ 5,875,105	\$ (28,374)	\$ 6,168,145
EXPENDITURES					
Regular Programs:					
Salaries	-	1,498,949	1,480,184	18,765	1,442,916
Benefits	-	582,363	601,128	(18,765)	625,682
Purchased services	-	9,486	5,348	4,138	4,293
Supplies	-	134,667	133,917	750	116,874
Other	-	17,138	17,138	-	-
Total Regular Programs	-	2,242,603	2,237,715	4,888	2,189,765
Special Programs:					
Salaries	-	660,345	660,345	-	659,599
Benefits	-	194,126	194,126	-	238,405
Purchased services	-	279,014	279,014	-	385,751
Supplies	-	193,365	193,365	-	235,192
Total Special Programs	-	1,326,850	1,326,850	-	1,518,947
Vocational Programs:					
Purchased services		46,476	46,471	5	1,805
Supplies	-	31,656	31,642	14	36,720
Property	-	25,912	25,912	-	50,058
Total Vocational Programs	-	104,044	104,025	19	88,583
Other Instructional Programs:					
Salaries	-	42,846	42,846	-	8,924
Benefits	-	6,155	6,155	-	702
Purchased services	-	49,431	49,389	42	18,181
Supplies	-	32,088	32,088	-	9,623
Total Other Instructional	-	130,520	130,478	42	37,430

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed Expenditures					
Student Support:					
Salaries	\$ -	\$ 253,016	\$ 253,016	\$ -	\$ 121,114
Benefits	-	42,041	42,041	-	7,943
Purchased services	-	178,454	175,021	3,433	166,495
Supplies	-	406,083	394,156	11,927	508,515
Property	-	-	-	-	209,440
Other	-	3,584	3,584	-	4,476
	-	883,178	867,818	15,360	1,017,983
Instructional Staff Support:					
Salaries	-	337,108	337,108	-	333,842
Benefits	-	86,822	86,822	-	93,136
Purchased services	-	218,490	216,013	2,477	276,130
Supplies	-	22,207	21,302	905	44,981
Other	-	600	600	-	-
	-	665,227	661,845	3,382	748,089
School Administration:					
Salaries	-	30,000	30,000	-	169
Benefits	-	-	-	-	29
	-	30,000	30,000	-	198
Central Services:					
Salaries	-	219,273	219,273	-	216,888
Benefits	-	72,881	72,881	-	80,540
Purchased services	-	5,938	5,801	137	17,978
Supplies	-	6,249	6,249	-	6,312
	-	304,341	304,204	137	321,718
Student Transportation:					
Salaries	-	5,686	5,686	-	6,403
Benefits	-	804	804	-	1,145
Purchased services	-	30,526	28,359	2,167	21,400
	-	37,016	34,849	2,167	28,948

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Support Services:					
Food Service:					
Salaries	\$ -	\$ -	\$ 497	\$ (497)	\$ 21,176
Benefits	-	-	743	(743)	5,034
Supplies	-	27,592	26,352	1,240	102,099
Property	-	30,914	30,914	-	49,908
	-	58,506	58,506	-	178,217
Community Service:					
Salaries	-	418	418	-	592
Benefits	-	14	14	-	17
Purchased services	-	12,671	10,867	1,804	6,000
Supplies	-	108,091	107,516	575	22,471
	-	121,194	118,815	2,379	29,080
Building Acquisition and Construction:					
Purchased services	-	-	-	-	3,910
Supplies	-	-	-	-	5,277
	-	-	-	-	9,187
Total Undistributed Expenditures	-	2,099,462	2,076,037	23,425	2,333,420
Total Expenditures	-	5,903,479	5,875,105	28,374	6,168,145
Revenue Over (Under) Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

INSURANCE LOSS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Undistributed Expenditures:					
Central Services:					
Purchased services	5,000	-	-	-	-
Other	-	120,000	-	120,000	18,062
Total Expenditures	5,000	120,000	-	120,000	18,062
Net Change in Fund Balance	(5,000)	(120,000)	-	120,000	(18,062)
FUND BALANCE, July 1	122,197	122,197	109,135	(13,062)	127,197
FUND BALANCE, June 30	\$ 117,197	\$ 2,197	\$ 109,135	\$ 106,938	\$ 109,135

LYON COUNTY SCHOOL DISTRICT

FEDERAL SCHOOL LUNCH FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Daily sales	\$ 625,000	\$ 625,000	\$ 744,579	\$ 119,579	\$ 710,670
Other local	25,000	25,000	20,635	(4,365)	18,076
	650,000	650,000	765,214	115,214	728,746
State Sources:					
State Match	30,000	30,000	12,836	(17,164)	6,044
Federal Sources:					
School Nutrition Programs	2,675,000	2,924,988	2,924,988	-	2,823,321
Total Revenue	3,355,000	3,604,988	3,703,038	98,050	3,558,111
EXPENDITURES					
Food Service Operations:					
Salaries	1,265,900	1,411,250	1,411,250	-	1,163,959
Benefits	360,275	380,275	347,922	32,353	336,180
Purchased services	75,600	280,238	272,922	7,316	82,589
Supplies	1,630,900	1,790,900	1,693,699	97,201	1,629,742
Property	78,750	128,750	100,068	28,682	-
Other	1,500	1,500	4,046	(2,546)	2,693
	3,412,925	3,992,913	3,829,907	163,006	3,215,163
Building Improvement:					
Purchased services	150,000	230,000	-	230,000	-
Total Expenditures	3,562,925	4,222,913	3,829,907	393,006	3,215,163
Net Change in Fund Balance	(207,925)	(617,925)	(126,869)	491,056	342,948
FUND BALANCE, July 1	260,564	884,447	884,447	-	541,499
FUND BALANCE, June 30	\$ 52,639	\$ 266,522	\$ 757,578	\$ 491,056	\$ 884,447

LYON COUNTY SCHOOL DISTRICT

ADULT DIPLOMA FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Tuition	\$ 4,000	\$ -	\$ 1,103	\$ 1,103	\$ 863
State Sources:					
State funding	157,300	188,518	188,518	-	214,667
Total Revenue	161,300	188,518	189,621	1,103	215,530
EXPENDITURES					
Salaries	158,000	126,398	126,579	(181)	146,026
Benefits	66,000	43,970	43,970	-	61,761
Purchased services	4,000	13,450	13,418	32	2,554
Supplies	1,000	4,700	4,551	149	4,265
Other	-	-	-	-	60
Total Expenditures	229,000	188,518	188,518	-	214,666
Revenues Over (Under)					
Expenditures	(67,700)	-	1,103	1,103	864
OTHER FINANCING (USES)					
Transfers from (to) other funds	57,366	-	-	-	(44,319)
Net Change in Fund Balance	(10,334)	-	1,103	1,103	(43,455)
FUND BALANCE, July 1	11,015	864	864	-	44,319
FUND BALANCE, June 30	\$ 681	\$ 864	\$ 1,967	\$ 1,103	\$ 864

LYON COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
State funding	\$ 1,894,418	\$ 2,575,355	\$ 2,575,365	\$ 10	\$ 2,379,630
EXPENDITURES					
Regular Instructional Programs:					
Salaries	1,400,000	1,800,000	1,800,000	-	1,760,390
Benefits	594,418	775,355	775,355	-	754,240
Total Expenditures	1,994,418	2,575,355	2,575,355	-	2,514,630
Revenues Over (Under)					
Expenditures	(100,000)	-	10	10	(135,000)
OTHER FINANCING SOURCES					
Transfer from other funds	100,000	-	-	-	135,000
Net Change in Fund Balance	-	-	10	10	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ 10	\$ 10	\$ -

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Private donations and grants	\$ -	\$ 25,587	\$ 25,587	\$ -	\$ 26,434
EXPENDITURES					
Regular Programs:					
Salaries		600	600	-	-
Benefits		55	55	-	-
Supplies	-	4,398	4,398	-	8,152
	-	5,053	5,053	-	8,152
Special Programs:					
Supplies	-	-	-	-	80
Vocational Programs:					
Supplies	-	-	-	-	2,389
Undistributed Expenditures:					
Instructional Staff Support:					
Purchased services	-	1,845	1,845	-	-
Supplies	-	4,323	4,323	-	5,810
	-	6,168	6,168	-	5,810
School Administration:					
Other	-	2,000	2,000	-	-
Operations and Maintenance:					
Purchased services	-	-	-	-	10,003
Property	-	10,541	10,541	-	-
	-	10,541	10,541	-	10,003
Building Acquisition and Constr:					
Supplies	-	-	-	-	-
Property	-	1,825	1,825	-	-
	-	1,825	1,825	-	-

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	-	20,534	20,534	-	15,813
Total Expenditures	-	25,587	25,587	-	26,434
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources	\$ -	\$ 2,595,383	\$ 2,595,383	\$ -	\$ 2,922,258
EXPENDITURES					
Regular Programs:					
Salaries	-	663,356	659,604	3,752	710,303
Benefits	-	270,691	262,681	8,010	301,064
Purchased services	-	190,465	190,465	-	181,792
Supplies	-	68,156	60,574	7,582	70,050
Total Regular Programs	-	1,192,668	1,173,324	19,344	1,263,209
Special Programs:					
Salaries	-	1,350	1,350	-	38,020
Benefits	-	124	124	-	11,014
Purchased services	-	163	163	-	114
Supplies	-	9,031	8,649	382	15,363
Total Special Programs	-	10,668	10,286	382	64,511
Vocational Programs:					
Purchased services	-	28,430	24,337	4,093	15,313
Supplies	-	128,195	108,004	20,191	155,180
Property	-	74,964	72,390	2,574	-
Total Vocational Programs	-	231,589	204,731	26,858	170,493
Other Instructional Programs:					
Salaries	-	256,110	256,110	-	134,908
Benefits	-	95,416	95,416	-	61,398
Supplies	-	1,986	1,986	-	-
	-	353,512	353,512	-	196,306
Undistributed Expenditures:					
Student Support:					
Salaries	-	23,881	49,056	(25,175)	73,008
Benefits	-	1,924	21,198	(19,274)	377
Purchased services	-	311,367	306,649	4,718	337,300
Supplies	-	31,819	28,517	3,302	28,630
	-	368,991	405,420	(36,429)	439,315

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional Staff Support:					
Salaries	\$ -	\$ 18,735	\$ 21,537	\$ (2,802)	\$ 26,223
Benefits	-	902	1,175	(273)	5,472
Purchased services	-	41,288	41,157	131	34,223
Supplies	-	30,000	25,461	4,539	365,739
	-	90,925	89,330	1,595	431,657
General Administration:					
Salaries	-	225,863	225,863	-	119,646
Benefits	-	262	262	-	5,763
	-	226,125	226,125	-	125,409
Central Services:					
Salaries	-	2,797	2,797	-	41,035
Benefits	-	6	6	-	12,906
Purchased services	-	-	-	-	4,442
	-	2,803	2,803	-	58,383
Operations and Maintenance:					
Purchased services	-	-	1,111	(1,111)	-
Student Transportation:					
Purchased services	-	118,102	128,741	(10,639)	135,145
Building Acquisition and Construction:					
Property	-	-	-	-	37,830
Total Undistributed Expenditures	-	806,946	853,530	(46,584)	1,227,739
Total Expenditures	-	2,595,383	2,595,383	-	2,922,258
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

MEDICAID FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources:					
Medicaid Program	\$ 500,000	\$ 500,000	\$ 446,745	\$ (53,255)	\$ 492,628
EXPENDITURES					
Special Programs:					
Student Support:					
Salaries	190,000	173,000	192,807	(19,807)	256,575
Benefits	90,000	85,000	73,772	11,228	107,823
Purchased services	175,000	161,000	106,656	54,344	174,705
Supplies	10,000	30,600	29,137	1,463	14,865
	<u>465,000</u>	<u>449,600</u>	<u>402,372</u>	<u>47,228</u>	<u>553,968</u>
Instructional Staff Support:					
Purchased services	-	10,000	8,055	1,945	-
General Administration:					
Salaries	38,000	44,000	40,418	3,582	31,534
Benefits	14,000	20,000	17,659	2,341	17,025
Purchased services	28,000	65,000	39,504	25,496	-
Supplies	1,500	1,500	1,030	470	-
	<u>81,500</u>	<u>130,500</u>	<u>98,611</u>	<u>31,889</u>	<u>48,559</u>
Total Expenditures	<u>546,500</u>	<u>590,100</u>	<u>509,038</u>	<u>81,062</u>	<u>602,527</u>
Net Change in Fund Balance	(46,500)	(90,100)	(62,293)	27,807	(109,899)
FUND BALANCE, July 1	<u>83,538</u>	<u>127,139</u>	<u>127,139</u>	<u>-</u>	<u>237,038</u>
FUND BALANCE, June 30	<u>\$ 37,038</u>	<u>\$ 37,039</u>	<u>\$ 64,846</u>	<u>\$ 27,807</u>	<u>\$ 127,139</u>

LYON COUNTY SCHOOL DISTRICT

NEW NEVADA PLAN (SB 178) FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
State funding	\$ -	\$ 521,998	\$ 521,998	\$ -	\$ -
EXPENDITURES					
Undistributed Expenditures:					
Student Support:					
Salaries	-	264,032	264,032	-	-
Benefits	-	79,228	79,228	-	-
Purchased services	-	12,025	12,025	-	-
Supplies	-	166,713	166,713	-	-
Total Expenditures	-	521,998	521,998	-	-
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1		-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES					
Local Sources:					
Government Services Tax	\$ 719,932	\$ 775,000	\$ 830,492	\$ 55,492	\$ 747,046
EXPENDITURES					
Facilities Acquisition and Construction:					
Architecture and Engineering:					
Purchased services	25,000	25,000	10,500	14,500	-
Site Improvement:					
Purchased services	585,000	750,000	555,306	194,694	127,011
Building Improvements:					
Purchased services	260,000	340,000	10,134	329,866	278,607
Total Facilities Acquisition and Construction	870,000	1,115,000	575,940	539,060	405,618
Revenues Over (Under) Expenditures	(150,068)	(340,000)	254,552	594,552	341,428
OTHER FINANCING SOURCES					
Proceeds from sale of assets	-	-	-	-	60,300
Net Change in Fund Balance	(150,068)	(340,000)	254,552	594,552	401,728
FUND BALANCE, July 1	2,047,473	2,091,941	2,091,941	-	1,690,213
FUND BALANCE, June 30	\$ 1,897,405	\$ 1,751,941	\$ 2,346,493	\$ 594,552	\$ 2,091,941

LYON COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Rents	\$ 9,600	\$ 9,600	\$ 9,600	\$ -	\$ 9,600
Earnings on investments	-	-	11,617	11,617	2,029
	<u>9,600</u>	<u>9,600</u>	<u>21,217</u>	<u>11,617</u>	<u>11,629</u>
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance:					
Supplies	<u>100,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	(90,400)	(140,400)	21,217	138,383	11,629
FUND BALANCE, July 1	<u>161,866</u>	<u>161,866</u>	<u>163,895</u>	<u>2,029</u>	<u>152,266</u>
FUND BALANCE, June 30	<u>\$ 71,466</u>	<u>\$ 21,466</u>	<u>\$ 185,112</u>	<u>\$ 140,412</u>	<u>\$ 163,895</u>

LYON COUNTY SCHOOL DISTRICT

RESIDENTIAL CONSTRUCTION TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Residential Construction Tax	\$ 510,000	\$ 435,000	\$ 485,609	\$ 50,609	\$ 598,472
Earnings on investments	-	-	5,568	5,568	3,168
Total Revenue	510,000	435,000	491,177	56,177	601,640
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance					
Property	40,000	40,000	-	40,000	38,908
Facilities Acquisition and Construction:					
Building Acquisition/Construction:					
Purchased services	630,000	655,000	-	655,000	330,795
Supplies	130,000	160,000	-	160,000	59,156
Other	-	-	-	-	16,674
	760,000	815,000	-	815,000	406,625
Site Improvement:					
Purchased services	93,000	133,000		133,000	8,751
Property	-	-	-	-	61,250
	93,000	133,000	-	133,000	70,001
Total Expenditures	893,000	988,000	-	988,000	515,534
Net Change in Fund Balance	(383,000)	(553,000)	491,177	1,044,177	86,106
FUND BALANCE, July 1	574,144	713,482	716,649	3,167	630,543
FUND BALANCE, June 30	\$ 191,144	\$ 160,482	\$ 1,207,826	\$ 1,047,344	\$ 716,649

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2018)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2019	2018
ASSETS					
Cash and cash equivalents	\$ 1,882,477	\$ 846,831	\$ 652,851	\$ 3,382,159	\$ 2,725,362
Accounts receivable	71,158	18,433	-	89,591	9,541
Due from other funds	-	-	-	-	6,744
	1,953,635	865,264	652,851	3,471,750	2,741,647
Restricted cash	585,000	-	-	585,000	585,000
Total Assets	<u>2,538,635</u>	<u>865,264</u>	<u>652,851</u>	<u>4,056,750</u>	<u>3,326,647</u>
LIABILITIES					
Accounts payable	-	1,728	1,937	3,665	18,022
Due to other funds	-	-	-	-	78,860
Incurred but unreported claims	1,200,000	-	-	1,200,000	1,135,000
Total Liabilities	<u>1,200,000</u>	<u>1,728</u>	<u>1,937</u>	<u>1,203,665</u>	<u>1,231,882</u>
NET POSITION					
Restricted for employee benefits program	585,000	863,536	650,914	2,099,450	660,933
Unrestricted	753,635	-	-	753,635	1,433,832
Total Net Position	<u>\$ 1,338,635</u>	<u>\$ 863,536</u>	<u>\$ 650,914</u>	<u>\$ 2,853,085</u>	<u>\$ 2,094,765</u>

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2019	2018
OPERATING REVENUES					
Charges for services	\$ 579,471	\$ 155,071	\$ 4,478,928	\$ 5,213,470	\$ 707,117
OPERATING EXPENSES					
Workers comp claims	543,749	-	-	543,749	277,102
Unemployment claims	-	21,425	-	21,425	14,361
Medical claims	-	-	3,903,947	3,903,947	-
Other	147,202	-	-	147,202	150,654
Total Operating Expenses	690,951	21,425	3,903,947	4,616,323	442,117
Operating Income (Loss)	(111,480)	133,646	574,981	597,147	265,000
NONOPERATING REVENUES					
Earnings on investments	161,173	-	-	161,173	39,257
Change in Net Position	49,693	133,646	574,981	758,320	304,257
NET POSITION, July 1	1,288,942	729,890	75,933	2,094,765	1,790,508
NET POSITION, June 30	\$ 1,338,635	\$ 863,536	\$ 650,914	\$ 2,853,085	\$ 2,094,765

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums received from other funds	\$ 429,453	\$ 143,382	\$ 4,488,469	\$ 5,061,304	\$ 704,626
Payment of benefits	(478,479)	(19,697)	(3,902,010)	(4,400,186)	(329,193)
Insurance premiums and other	(165,494)	-	-	(165,494)	(117,649)
Net Cash Provided (Used) by Operating Activities	(214,520)	123,685	586,459	495,624	257,784
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Interfund benefits	-	-	-	-	23,115
Net Cash Provided (Used) by Non-Capital Financing	-	-	-	-	23,115
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	161,173	-	-	161,173	39,257
Net Increase (Decrease) in Cash and Cash Equivalents	(53,347)	123,685	586,459	656,797	320,156
CASH AND CASH EQUIVALENTS, July 1	<u>2,520,824</u>	<u>723,146</u>	<u>66,392</u>	<u>3,310,362</u>	<u>2,990,206</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,467,477</u>	<u>\$ 846,831</u>	<u>\$ 652,851</u>	<u>\$ 3,967,159</u>	<u>\$ 3,310,362</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (111,480)	\$ 133,646	\$ 574,981	\$ 597,147	\$ 265,000
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	(71,158)	(18,433)	9,541	(80,050)	-
Due from or to other funds	(78,860)	6,744	-	(72,116)	(2,491)
Accounts payable	(18,022)	1,728	1,937	(14,357)	(28,725)
Incurred but not reported claims	65,000	-	-	65,000	24,000
Total Adjustments	(103,040)	(9,961)	11,478	(101,523)	(7,216)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (214,520)</u>	<u>\$ 123,685</u>	<u>\$ 586,459</u>	<u>\$ 495,624</u>	<u>\$ 257,784</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ 575,000	\$ 575,000	\$ 579,471	\$ 4,471	\$ 558,043
OPERATING EXPENSES					
Benefits	570,000	570,000	543,749	26,251	277,102
Purchased services	120,000	120,000	83,137	36,863	77,547
Other	50,000	50,000	64,065	(14,065)	73,107
	<u>740,000</u>	<u>740,000</u>	<u>690,951</u>	<u>49,049</u>	<u>427,756</u>
Operating Income (Loss)	(165,000)	(165,000)	(111,480)	53,520	130,287
NONOPERATING REVENUES					
Earnings on investments	<u>10,000</u>	<u>10,000</u>	<u>161,173</u>	<u>151,173</u>	<u>39,257</u>
Change in Net Position	(155,000)	(155,000)	49,693	204,693	169,544
NET POSITION, July 1	<u>1,099,398</u>	<u>1,099,398</u>	<u>1,288,942</u>	<u>189,544</u>	<u>1,119,398</u>
NET POSITION, June 30	<u>\$ 944,398</u>	<u>\$ 944,398</u>	<u>\$ 1,338,635</u>	<u>\$ 394,237</u>	<u>\$ 1,288,942</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	2019 BUDGET		2019		2018
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 575,000	\$ 575,000	\$ 429,453	\$ (145,547)	\$ 551,290
Payment of benefits	(475,000)	(475,000)	(478,479)	(3,479)	(312,102)
Insurance premiums paid, other payments	<u>(125,000)</u>	<u>(125,000)</u>	<u>(165,494)</u>	<u>(40,494)</u>	<u>(117,649)</u>
Net Cash Provided (Used) By Operating Activities	(25,000)	(25,000)	(214,520)	(189,520)	121,539
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	<u>10,000</u>	<u>10,000</u>	<u>161,173</u>	<u>151,173</u>	<u>39,257</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(15,000)	(15,000)	(53,347)	(38,347)	160,796
CASH AND					
CASH EQUIVALENTS, July 1	<u>2,360,028</u>	<u>2,360,028</u>	<u>2,520,824</u>	<u>160,796</u>	<u>2,360,028</u>
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ 2,345,028</u>	<u>\$ 2,345,028</u>	<u>\$ 2,467,477</u>	<u>\$ 122,449</u>	<u>\$ 2,520,824</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (111,480)	\$ (111,480)	\$ 130,287
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	(71,158)	(71,158)	-
Accounts payable	-	-	(18,022)	(18,022)	(25,995)
Due to other funds	-	-	(78,860)	(78,860)	(6,753)
Incurred but not reported claims	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>24,000</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>(103,040)</u>	<u>(103,040)</u>	<u>(8,748)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (214,520)</u>	<u>\$ (214,520)</u>	<u>\$ 121,539</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ 145,000	\$ 145,000	\$ 155,071	\$ 10,071	\$ 149,074
OPERATING EXPENSES					
Benefits	<u>20,000</u>	<u>20,000</u>	<u>21,425</u>	<u>(1,425)</u>	<u>14,361</u>
Change in Net Position	125,000	125,000	133,646	8,646	134,713
NET POSITION, July 1	<u>675,177</u>	<u>729,890</u>	<u>729,890</u>	<u>-</u>	<u>595,177</u>
NET POSITION, June 30	<u>\$ 800,177</u>	<u>\$ 854,890</u>	<u>\$ 863,536</u>	<u>\$ 8,646</u>	<u>\$ 729,890</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 145,000	\$ 145,000	\$ 143,382	\$ (1,618)	\$ 153,336
Payment of benefits	<u>(35,000)</u>	<u>(35,000)</u>	<u>(19,697)</u>	<u>15,303</u>	<u>(17,091)</u>
Net Cash Provided By Operating Activities	110,000	110,000	123,685	13,685	136,245
CASH AND					
CASH EQUIVALENTS, July 1	<u>666,901</u>	<u>666,901</u>	<u>723,146</u>	<u>56,245</u>	<u>586,901</u>
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ 776,901</u>	<u>\$ 776,901</u>	<u>\$ 846,831</u>	<u>\$ 69,930</u>	<u>\$ 723,146</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,646</u>	<u>\$ 133,646</u>	<u>\$ 134,713</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	(18,433)	(18,433)	-
Due from other funds	-	-	6,744	6,744	4,262
Accounts payable	<u>-</u>	<u>-</u>	<u>1,728</u>	<u>1,728</u>	<u>(2,730)</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>(9,961)</u>	<u>(9,961)</u>	<u>1,532</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,685</u>	<u>\$ 123,685</u>	<u>\$ 136,245</u>

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ 4,478,928	\$ 4,478,928	\$ -
OPERATING EXPENSES					
Benefits	-	-	3,903,947	(3,903,947)	-
Operating Income	-	-	574,981	574,981	-
NET POSITION, July 1	-	75,933	75,933	-	75,933
NET POSITION, June 30	\$ -	\$ 75,933	\$ 650,914	\$ 574,981	\$ 75,933

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018)

	<u>2019 BUDGET</u>		<u>2019</u>		<u>2018</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Charges for services	\$ 65,000	\$ 65,000	\$ 4,488,469	\$ 4,423,469	\$ 23,115
Payment of benefits	-	(35,000)	(3,902,010)	(3,867,010)	-
Net Increase (Decrease) in Cash and Cash Equivalents	65,000	30,000	586,459	556,459	23,115
CASH AND CASH EQUIVALENTS, July 1					
	<u>43,277</u>	<u>43,277</u>	<u>66,392</u>	<u>23,115</u>	<u>43,277</u>
CASH AND CASH EQUIVALENTS, June 30					
	<u>\$ 108,277</u>	<u>\$ 73,277</u>	<u>\$ 652,851</u>	<u>\$ 579,574</u>	<u>\$ 66,392</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ -	\$ -	\$ 574,981	\$ 574,981	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	9,541	9,541	23,115
Accounts payable	-	-	1,937	1,937	-
Total Adjustments	-	-	11,478	11,478	23,115
NET CASH PROVIDED BY OPERATING ACTIVITIES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,459</u>	<u>\$ 586,459</u>	<u>\$ 23,115</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
YERINGTON ELEMENTARY			
Assets:			
Cash and investments	\$ <u>18,544</u>	\$ <u>1,763</u>	\$ <u>20,307</u>
Liabilities:			
Due to student groups	\$ <u>18,544</u>	\$ <u>1,763</u>	\$ <u>20,307</u>
YERINGTON INTERMEDIATE			
Assets:			
Cash and investments	\$ <u>23,928</u>	\$ <u>3,057</u>	\$ <u>26,985</u>
Liabilities:			
Due to student groups	\$ <u>23,928</u>	\$ <u>3,057</u>	\$ <u>26,985</u>
YERINGTON HIGH			
Assets:			
Cash and investments	\$ <u>148,556</u>	\$ <u>6,267</u>	\$ <u>154,823</u>
Liabilities:			
Due to student groups	\$ <u>148,556</u>	\$ <u>6,267</u>	\$ <u>154,823</u>
SMITH VALLEY SCHOOLS			
Assets:			
Cash and investments	\$ <u>24,215</u>	\$ <u>14,345</u>	\$ <u>38,560</u>
Liabilities:			
Due to student groups	\$ <u>24,215</u>	\$ <u>14,345</u>	\$ <u>38,560</u>
SILVER STAGE ELEMENTARY			
Assets:			
Cash and investments	\$ <u>24,429</u>	\$ <u>3,157</u>	\$ <u>27,586</u>
Liabilities:			
Due to student groups	\$ <u>24,429</u>	\$ <u>3,157</u>	\$ <u>27,586</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
SILVER STAGE MIDDLE			
Assets:			
Cash and investments	\$ <u>1,420</u>	\$ <u>8,704</u>	\$ <u>10,124</u>
Liabilities:			
Due to student groups	\$ <u>1,420</u>	\$ <u>8,704</u>	\$ <u>10,124</u>
SILVER STAGE HIGH			
Assets:			
Cash and investments	\$ <u>44,680</u>	\$ <u>1,329</u>	\$ <u>46,009</u>
Liabilities:			
Due to student groups	\$ <u>44,680</u>	\$ <u>1,329</u>	\$ <u>46,009</u>
SILVERLAND MIDDLE			
Assets:			
Cash and investments	\$ <u>34,639</u>	\$ <u>11,515</u>	\$ <u>46,154</u>
Liabilities:			
Due to student groups	\$ <u>34,639</u>	\$ <u>11,515</u>	\$ <u>46,154</u>
FERNLEY ELEMENTARY			
Assets:			
Cash and investments	\$ <u>14,326</u>	\$ <u>1,874</u>	\$ <u>16,200</u>
Liabilities:			
Due to student groups	\$ <u>14,326</u>	\$ <u>1,874</u>	\$ <u>16,200</u>
COTTONWOOD ELEMENTARY			
Assets:			
Cash and investments	\$ <u>4,445</u>	\$ <u>317</u>	\$ <u>4,762</u>
Liabilities:			
Due to student groups	\$ <u>4,445</u>	\$ <u>317</u>	\$ <u>4,762</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
EAST VALLEY ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 27,427</u>	<u>\$ (18,733)</u>	<u>\$ 8,694</u>
Liabilities:			
Due to student groups	<u>\$ 27,427</u>	<u>\$ (18,733)</u>	<u>\$ 8,694</u>
FERNLEY INTERMEDIATE			
Assets:			
Cash and investments	<u>\$ 18,449</u>	<u>\$ 3,744</u>	<u>\$ 22,193</u>
Liabilities:			
Due to student groups	<u>\$ 18,449</u>	<u>\$ 3,744</u>	<u>\$ 22,193</u>
FERNLEY HIGH			
Assets:			
Cash and investments	<u>\$ 177,897</u>	<u>\$ 32,478</u>	<u>\$ 210,375</u>
Liabilities:			
Due to student groups	<u>\$ 177,897</u>	<u>\$ 32,478</u>	<u>\$ 210,375</u>
DAYTON ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 23,134</u>	<u>\$ 1,060</u>	<u>\$ 24,194</u>
Liabilities:			
Due to student groups	<u>\$ 23,134</u>	<u>\$ 1,060</u>	<u>\$ 24,194</u>
SUTRO ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 13,315</u>	<u>\$ 3,046</u>	<u>\$ 16,361</u>
Liabilities:			
Due to student groups	<u>\$ 13,315</u>	<u>\$ 3,046</u>	<u>\$ 16,361</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
RIVERVIEW ELEMENTARY			
Assets:			
Cash and investments	\$ <u>8,216</u>	\$ <u>8,020</u>	\$ <u>16,236</u>
Liabilities:			
Due to student groups	\$ <u>8,216</u>	\$ <u>8,020</u>	\$ <u>16,236</u>
DAYTON INTERMEDIATE			
Assets:			
Cash and investments	\$ <u>30,903</u>	\$ <u>(2,755)</u>	\$ <u>28,148</u>
Liabilities:			
Due to student groups	\$ <u>30,903</u>	\$ <u>(2,755)</u>	\$ <u>28,148</u>
DAYTON HIGH			
Assets:			
Cash and investments	\$ <u>76,473</u>	\$ <u>24,314</u>	\$ <u>100,787</u>
Liabilities:			
Due to student groups	\$ <u>76,473</u>	\$ <u>24,314</u>	\$ <u>100,787</u>
TOTALS			
Assets:			
Cash and investments	\$ <u>714,996</u>	\$ <u>103,505</u>	\$ <u>818,501</u>
Liabilities:			
Due to student groups	\$ <u>714,996</u>	\$ <u>103,505</u>	\$ <u>818,501</u>

**INDEPENDENT AUDITORS' 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 Trustees
Lyon County School District
Yerington, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2019-01 that we consider to be a material weakness.

Compliance and Other Matters

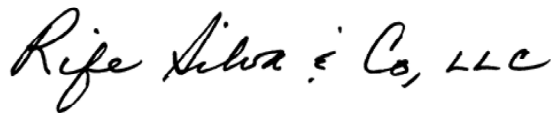
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding 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 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.

A handwritten signature in black ink that reads "Rife Silva & Co, LLC". The script is cursive and fluid, with the company name written in a single line.

Reno, Nevada
February 14, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lyon County School District
Yerington, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Lyon County School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, 2019.

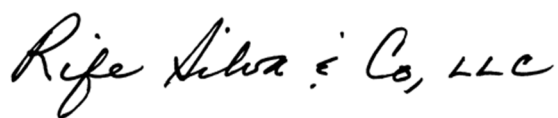
Report on Internal Control Over Compliance

Management of the 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 the 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 the Uniform Guidance, 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rife Silva & Co, LLC". The signature is written in a cursive, flowing style.

Reno, Nevada
February 14, 2020

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2019

PAGE 1 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act (IDEA) - Special Education Cluster:			
IDEA, Part B - Grants to States	84.027	19-639-10	\$ 1,313,534
IDEA - District Improvement Grant	84.027	19-641-10	79,336
IDEA - Early Childhood	84.173	19-665-10	97,204
Total Special Education Cluster			1,490,074
Title I, Part A - Grants to Local Educational Agencies	84.010	19-633-10	1,378,973
Title I, 1003 (a) School Improvement	84.010A	19-624-10	160,080
Title I, Part C - Education of Migrant Children	84.011A	19-629-10	14,103
Title I, Part D - Neglected and Delinquent	84.010	19-650-10	17,881
Career and Technical Education (Perkins IV)	84.048	19-631-10	104,025
McKinney-Vento Homeless Assistance	84.196A	19-688-10	60,526
Title IV, Part B - Twenty-First Century Community Learning Centers	84.287	19-770-10	127,549
GEAR UP	84.334s	19-610-10	168,343
Title III, Part A - English Language Acquisition	84.365A	19-658-10	47,026
Title III, Part B - Immigrant	84.365A	19-659-10	13,035
Title II, Part A - Teacher/Principal Training & Recruiting	84.367	19-709-10	246,823
Preschool Development	84.419A	19-795-10	1,865,480
Title IV, Part A - Student Support and Academic Enrichment	84.424A	19-715-10	122,682
<i>Total Passed through the State of Nevada Department of Education</i>			5,816,600
Total U.S. Department of Education			5,816,600

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2019

PAGE 2 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the State of Nevada Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 705,764
National School Lunch Program	10.555	N/A	1,905,233
National School Lunch Program - Commodities	10.555	N/A	313,992
Total Child Nutrition Cluster			2,924,989
Fresh Fruits and Vegetables Program	10.582	N/A	21,169
NSLP Equipment Grant	10.579	N/A	37,337
<i>Passed through Lyon County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	110,427
Total U.S. Department of Agriculture			3,093,922
Total Federal Financial Assistance			\$ 8,910,522

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2019

NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Lyon County School District (the District) for the year ended June 30, 2019. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the modified accrual basis of accounting. The amounts shown as expenditures of CFDA #10.555 – National School Lunch Program Commodities represents the fair value of commodity food received by the District for the year ended June 30, 2019.

NOTE 3 – INDIRECT COST RATE

The Lyon County School District has elected not to use an indirect cost rate.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report issued:	Modified
Internal Control over Financial Reporting	
Material weaknesses identified:	Yes
Significant deficiencies identified:	None reported
Noncompliance material to financial statements noted:	None

Federal Awards

Internal Control over Major Programs	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a):	No

Major Programs

The major programs for the year ended June 30, 2019 are as follows:

Child Nutrition Cluster (CFDA 10.553; CFDA 10555)

The threshold for distinguishing Types A and B programs was \$750,000.

Lyon County School District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2019-1 - Material Weakness

Monthly bank reconciliations are not being completed accurately or timely, and are not being reviewed by District management.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2019

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Finding #2019-1 - Material Weakness (Continued)

This condition existed during the entire year audited, and includes not only the District's operating accounts, but the Student Activity Fund accounts as well. A complete reconciliation compares the bank statement balance to the respective balances in the general ledger accounts. Accurate and timely bank reconciliations reduce the risk that errors on the part of the bank or District will remain undetected. Without accurate bank reconciliations general ledger accounts may be inaccurate and incomplete increasing the likelihood of material misstatement of financial reports, or noncompliance with laws, regulations, contracts and grants. Bank reconciliations are also an important internal control for detecting fraudulent payments.

District's Response to the Finding:

Please see following page.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.



Superintendent
Wayne Workman

Deputy Superintendent
Tim Logan

Board President
Neal McIntyre

Board Clerk
Holly Villines

Board of Trustees
Kimber LA Crabtree
Barbara Jones
Sherry Parsons
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February 18, 2020

To whom it may concern:

In early July 2019, the District's systems were the victim of a ransomware attack. Although the attack did not result in the exposure or theft of District information, it disrupted the District's business operations, including its email, internet, and phone lines, which prevented the business and finance department from completing certain day-to-day tasks. Additionally, some of our financial data for fiscal year 2019 was corrupted disrupting and delaying the reconciliation process. This was exacerbated by untimely vacancies in the business office.

To facilitate timely reconciliations in the future, we are reconfiguring our cash fund account structure to streamline the systems. Our account structure was set up in a cumbersome manner upon implementation of our current accounting software. Streamlining this will bring it into line with other area districts practices who use the same software.

Thanks

Harman Bains
Director of Business Services
Lyon County School District

LYON COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2019

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no audit findings reported for the year ended June 30, 2018.

LYON COUNTY SCHOOL DISTRICT

INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2019

STATUTE COMPLIANCE

Current Year

The required disclosure on compliance with applicable Nevada Revised Statutes and the Nevada Administrative Code is included in Note 12 to the financial statements.

Prior Year

Potential violations due to over-expenditures were also reported in the financial statements for the year ended June 30, 2018.

AUDIT RECOMMENDATIONS

Current Year

Audit Finding 2019-1 has been reported in the Schedule of Findings and Questioned Costs, section B.

Prior Year

We did not find any financial weaknesses of magnitude to justify inclusion within our audit report.