

WESTWOOD COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2010

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Westwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2009 election)		
Dennis Gallagher	President	2009
Marty Choquette	Vice President	2009
Cathy Wilt	Board Member	2011
Roxie Ullrich	Board Member	2011
Rob Copple	Board Member	2011
Board of Education (After September 2009 election)		
Marty Choquette	President	2013
Roxie Ullrich	Vice President	2011
Cathy Wilt	Board Member	2011
Diana Nordstrom	Board Member	2013
Rob Copple	Board Member	2011
School Officials		
Kirk Ahrends	Superintendent	2010
Jill Sponder	District Secretary/Treasurer	2010
Ahlers & Cooney, P.C.	Attorney	2010

WESTWOOD COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.
Certified Public Accountants
(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Westwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Westwood Community School District, Sloan, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Westwood Community School District at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2011, on our consideration of the Westwood Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information

required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Westwood Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the six years ended June 30, 2009 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Nolte, Cornman & Johnson PC
NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Westwood Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2010 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$5,964,744 in fiscal 2009 to \$5,767,387 in fiscal 2010, while General Fund expenditures increased from \$6,099,725 in fiscal 2009 to \$6,110,023 in fiscal 2010. This resulted in a decrease in the District's fund balance from \$606,986 in fiscal 2009 to \$264,350 in fiscal 2010, which was an 56.45% decrease from the prior year.
- The District's solvency ratio (unreserved-undesignated fund balance/general fund revenues) decreased as compared to fiscal 2009. At June 30, 2009 the District's solvency ratio was 9.65% as compared to 3.92% at June 30, 2010. The State School Budget Review Committee recommends a solvency ratio between 5% - 10%.

USING THIS ANNUAL REPORT

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

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

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

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

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

Other Supplementary Information provides detailed information about the non-major funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

Other Supplementary Information provides detailed information about the nonmajor Special Revenue Funds.

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

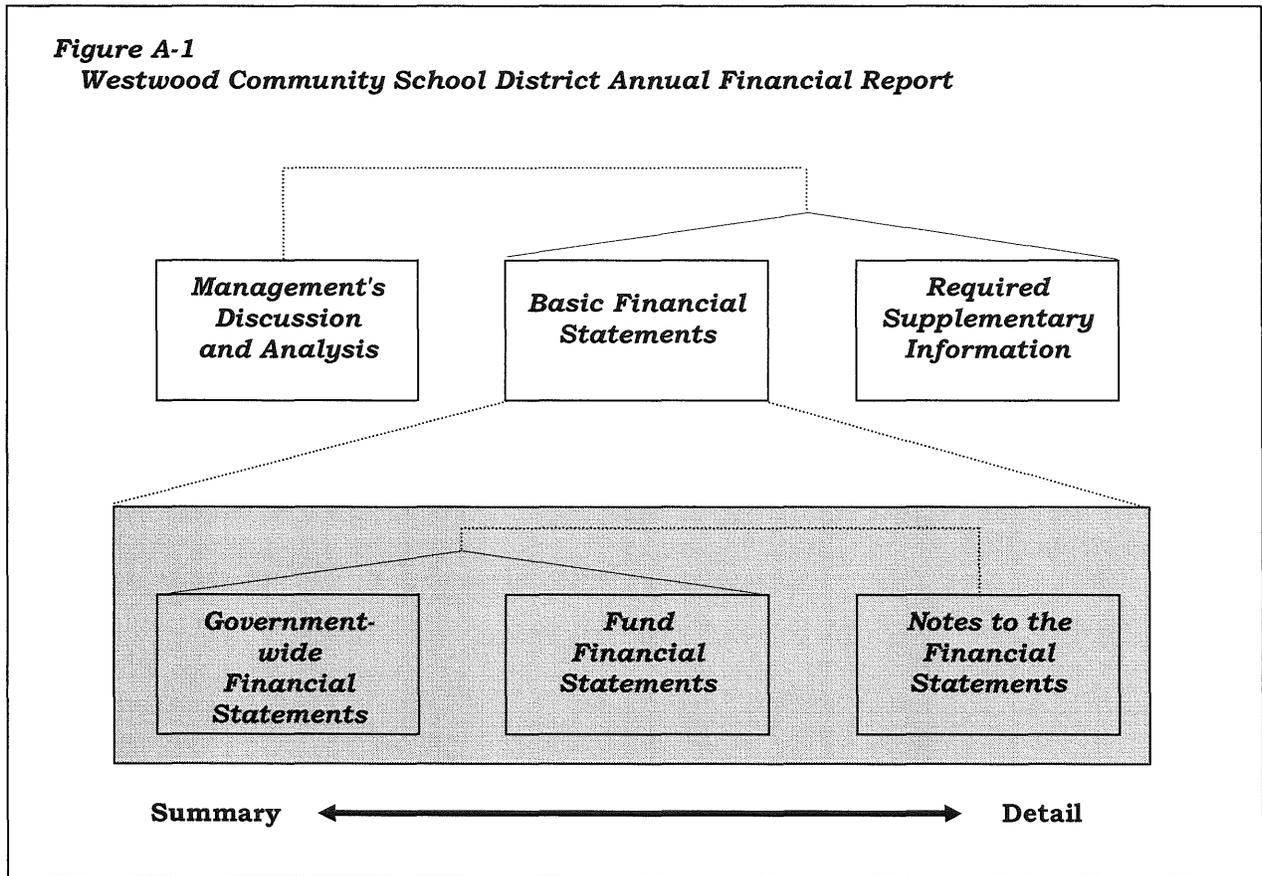


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

- 3) *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2010 compared to June 30, 2009.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Current and other assets	\$ 5,662,483	6,079,955	78,097	50,645	5,740,580	6,130,600	-6.36%
Capital assets	7,930,757	8,119,298	6,265	7,202	7,937,022	8,126,500	-2.33%
Total assets	13,593,240	14,199,253	84,362	57,847	13,677,602	14,257,100	-4.06%
Long-term obligations	325,116	605,000	669	0	325,785	605,000	-46.15%
Other liabilities	3,464,580	3,838,268	1,891	4,322	3,466,471	3,842,590	-9.79%
Total liabilities	3,789,696	4,443,268	2,560	4,322	3,792,256	4,447,590	-14.73%
Net assets:							
Invested in capital assets, net of related debt	7,620,757	7,514,298	6,265	7,202	7,627,022	7,521,500	1.40%
Restricted	1,814,796	1,525,775	0	0	1,814,796	1,525,775	18.94%
Unrestricted	367,991	715,912	75,537	46,323	443,528	762,235	-41.81%
Total net assets	\$ 9,803,544	9,755,985	81,802	53,525	9,885,346	9,809,510	0.77%

The District's combined net assets increased by 0.77%, or \$75,836, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$289,021, or 18.94% over the prior year. The increase in fund balance in the Management Levy Fund and the Physical Plant and Equipment Levy Fund were factors in the increase in restricted net assets.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$318,707, or 41.81%. This decrease in unrestricted net assets was a result of the District’s decrease in the General Fund balance.

Figure A-4 shows the changes in net assets for the years ended June 30, 2010 compared to the year ended June 30, 2009.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2010	2009	2010	2009	2010	2009	2009-10
Revenues:							
Program revenues:							
Charges for services	\$ 724,724	685,561	149,379	149,887	874,103	835,448	4.63%
Operating grants and contributions and restricted interest	1,241,170	950,345	147,045	145,822	1,388,215	1,096,167	26.64%
General revenues:							
Property tax	3,211,636	3,095,126	0	0	3,211,636	3,095,126	3.76%
Income surtax	188,718	159,576	0	0	188,718	159,576	18.26%
Statewide sales, services and use tax	464,389	469,043	0	0	464,389	469,043	-0.99%
Unrestricted state grants	1,400,708	1,966,396	0	0	1,400,708	1,966,396	-28.77%
Unrestricted investment earnings	4,618	23,096	26	188	4,644	23,284	-80.05%
Other	74,824	76,899	7,483	0	82,307	76,899	7.03%
Total revenues	<u>7,310,787</u>	<u>7,426,042</u>	<u>303,933</u>	<u>295,897</u>	<u>7,614,720</u>	<u>7,721,939</u>	<u>-1.39%</u>
Program expenses:							
Governmental activities:							
Instruction	4,454,655	4,501,625	0	0	4,454,655	4,501,625	-1.04%
Support services	1,989,465	2,168,023	0	0	1,989,465	2,168,023	-8.24%
Non-instructional programs	1,337	3,258	275,656	283,949	276,993	287,207	-3.56%
Other expenses	817,771	634,117	0	0	817,771	634,117	28.96%
Total expenses	<u>7,263,228</u>	<u>7,307,023</u>	<u>275,656</u>	<u>283,949</u>	<u>7,538,884</u>	<u>7,590,972</u>	<u>-0.69%</u>
Change in net assets	47,559	119,019	28,277	11,948	75,836	130,967	-42.10%
Beginning net assets	<u>9,755,985</u>	<u>9,636,966</u>	<u>53,525</u>	<u>41,577</u>	<u>9,809,510</u>	<u>9,678,543</u>	<u>1.35%</u>
Ending net assets	<u>\$ 9,803,544</u>	<u>9,755,985</u>	<u>81,802</u>	<u>53,525</u>	<u>9,885,346</u>	<u>9,809,510</u>	<u>0.77%</u>

Property tax, income surtax, statewide sales and service tax and unrestricted state grants account for 72.02% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 97.53% of the revenue from business type activities.

The District’s total revenues were approximately \$7.61 million of which approximately \$7.31 million was for governmental activities and approximately \$0.30 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.39% decrease in revenues and a 0.69% decrease in expenses. The decrease in revenues can be mainly attributed to the decrease in state grant monies due to the ten percent across-the-board cut. The decreases in expenses related to decreases in the negotiated salary and benefits.

Governmental Activities

Total revenues for all of the Districts’ governmental activities were \$7,310,787 and expenses were \$7,263,228.

The following table presents the total and net cost of the District’s major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2010	2009	Change 2009-10	2010	2009	Change 2009-10
Instruction	\$ 4,454,655	4,501,625	-1.04%	2,731,725	3,087,909	-11.53%
Support services	1,989,465	2,168,023	-8.24%	1,987,306	2,166,914	-8.29%
Non-instructional	1,337	3,258	-58.96%	1,337	3,258	-58.96%
Other expenses	817,771	634,117	28.96%	576,966	413,036	39.69%
Totals	<u>\$ 7,263,228</u>	<u>7,307,023</u>	<u>-0.60%</u>	<u>5,297,334</u>	<u>5,671,117</u>	<u>-6.59%</u>

- The cost financed by users of the District’s programs was \$724,724.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,241,170.
- The net cost of governmental activities was financed with property tax of \$3,211,636, income surtax of \$188,718, statewide sales, services and use tax of \$464,389, unrestricted state grants of \$1,400,708, interest income of \$4,618 and other general revenues of \$74,824.

Business type Activities

Revenues for business type activities were \$303,933 and expenses were \$275,656. The District’s only business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

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

A strong financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$2,041,061, a decrease of \$60,155 from last years ending fund balances of \$2,101,216.

Governmental Fund Highlights

- The District’s decrease in General Fund financial position from \$606,986 to \$264,350 is the product of many factors. The decrease in General Fund revenues can be attributed to the decrease in state source revenues. The increase in expenditures can be attributed to the increase in negotiated salaries and benefits received by District employees. The decrease in General Fund revenues, combined with the increase in fund expenditures ensured the decrease in General Fund balance.

- The Capital Projects Fund increased from \$953,997 to \$989,226. Since the District's last revenue bond payment was during the FY 09 year, the District no longer has debt to pay from the statewide sales, services and use fund. This fact was a contributing factor in the increase in Capital Projects fund balance.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$53,525 in fiscal 2009 to \$81,802 in fiscal 2010, representing an increase of 52.83%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$985,002 less than budgeted receipts, a variance of 11.47%. The District received less in local and state sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had invested \$7,937,022, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for year was \$359,480.

The original cost of the District's capital assets was \$13.22 million. Governmental funds account for \$13.07 million, with the remainder of \$0.15 million accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the land improvements category. The District's land improvements totaled \$166,156 at June 30, 2009 compared to \$182,572, reported at June 30, 2010. This increase resulted from the District purchasing new bleacher this year for the softball field.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2010	2009	2010	2009	2010	2009	2009-10
Land	\$ 76,000	76,000	0	0	76,000	76,000	0.00%
Buildings	7,171,124	7,387,835	0	0	7,171,124	7,387,835	-2.93%
Land improvements	182,572	166,156	0	0	182,572	166,156	9.88%
Machinery and equipment	501,061	489,307	6,265	7,202	507,326	496,509	2.18%
Total	\$ 7,930,757	8,119,298	6,265	7,202	7,937,022	8,126,500	-2.33%

Long-Term Debt

At June 30, 2010, the District had \$325,785 in long-term debt outstanding. This represents a decrease of 46.15% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

The District had total outstanding capital loan notes payable of \$310,000 at June 30, 2010.

The District had a net OPEB liability of \$15,116 in the governmental activities and \$669 in the business type activities.

	Figure A-7 Outstanding Long-Term Obligations							
	Governmental Activities		Business type Activities		Total School District		Total Change	
	June 30,		June 30,		June 30,		June 30,	
	2010	2009	2010	2009	2010	2009	2009-10	
Capital loan notes	310,000	605,000	0	0	310,000	605,000	-48.76%	
Net OPEB obligation	15,116	0	669	0	15,785	0	100.00%	
Total	\$ 325,116	605,000	669	0	325,785	605,000	-46.15%	

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Low allowable growth over several years and enrollment decreases is negatively impacting the District's spending authority. Contractual increases and program changes cannot be made without thorough consideration of our unspent authorized budget.
- The national recession that has adversely impacted the state of Iowa's budget has translated into reduced levels of state aid funding for education. Future increases in state aid (allowable growth) to schools will be based on the condition of the state and national economies. Given the current financial status of the State of Iowa, there is a possibility that the state aid rate will be reduced for the fiscal 2011 year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jill Sponder, District Secretary/Treasurer, Westwood Community School District, 1000 Rebel Way, Sloan, Iowa, 51055.

WESTWOOD COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,900,287	64,844	1,965,131
Receivables:			
Property tax:			
Delinquent	24,571	0	24,571
Succeeding year	3,308,994	0	3,308,994
Income surtax	159,141	0	159,141
Accounts	1,181	635	1,816
Due from other governments	268,309	0	268,309
Inventories	0	12,618	12,618
Capital assets, net of accumulated depreciation	7,930,757	6,265	7,937,022
TOTAL ASSETS	13,593,240	84,362	13,677,602
LIABILITIES			
Accounts payable	114,080	170	114,250
Salaries and benefits payable	39,207	1,721	40,928
Accrued interest payable	2,299	0	2,299
Deferred revenue:			
Succeeding year property tax	3,308,994	0	3,308,994
Long-term liabilities:			
Portion due within one year:			
Capital loan notes	310,000	0	310,000
Portion due after one year:			
Net OPEB liability	15,116	669	15,785
TOTAL LIABILITIES	3,789,696	2,560	3,792,256
NET ASSETS			
Invested in capital assets, net of related debt	7,620,757	6,265	7,627,022
Restricted for:			
Debt service	275,854	0	275,854
Categorical funding	38,085	0	38,085
Management levy	281,029	0	281,029
Physical plant and equipment levy	168,119	0	168,119
Capital projects	989,226	0	989,226
Other special revenue purposes	62,483	0	62,483
Unrestricted	367,991	75,537	443,528
TOTAL NET ASSETS	\$ 9,803,544	81,802	9,885,346

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,524,538	244,472	712,443	(1,567,623)	0	(1,567,623)
Special	865,193	94,403	171,673	(599,117)	0	(599,117)
Other	1,064,924	385,779	114,160	(564,985)	0	(564,985)
	<u>4,454,655</u>	<u>724,654</u>	<u>998,276</u>	<u>(2,731,725)</u>	<u>0</u>	<u>(2,731,725)</u>
Support services:						
Student	148,194	0	0	(148,194)	0	(148,194)
Instructional staff	193,656	0	0	(193,656)	0	(193,656)
Administration	679,158	0	0	(679,158)	0	(679,158)
Operation and maintenance of plant	434,876	0	0	(434,876)	0	(434,876)
Transportation	533,581	70	2,089	(531,422)	0	(531,422)
	<u>1,989,465</u>	<u>70</u>	<u>2,089</u>	<u>(1,987,306)</u>	<u>0</u>	<u>(1,987,306)</u>
Non-instructional programs:						
Food service operations	1,337	0	0	(1,337)		(1,337)
Other expenditures:						
Facilities acquisitions	317,446	0	0	(317,446)	0	(317,446)
Long-term debt interest	24,489	0	0	(24,489)	0	(24,489)
AEA flowthrough	240,805	0	240,805	0	0	0
Depreciation(unallocated)*	235,031	0	0	(235,031)	0	(235,031)
	<u>817,771</u>	<u>0</u>	<u>240,805</u>	<u>(576,966)</u>	<u>0</u>	<u>(576,966)</u>
Total governmental activities	7,263,228	724,724	1,241,170	(5,297,334)	0	(5,297,334)
Business type activities:						
Non-instructional programs:						
Nutrition services	275,656	149,379	147,045	0	20,768	20,768
Total business type activities	<u>275,656</u>	<u>149,379</u>	<u>147,045</u>	<u>0</u>	<u>20,768</u>	<u>20,768</u>
Total	\$ <u>7,538,884</u>	<u>874,103</u>	<u>1,388,215</u>	<u>(5,297,334)</u>	<u>20,768</u>	<u>(5,276,566)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,807,489	0	2,807,489
Capital outlay				404,147	0	404,147
Income surtax				188,718	0	188,718
Statewide sales, services and use tax				464,389	0	464,389
Unrestricted state grants				1,400,708	0	1,400,708
Unrestricted investment earnings				4,618	26	4,644
Other				74,824	7,483	82,307
Total general revenues				<u>5,344,893</u>	<u>7,509</u>	<u>5,352,402</u>
Change in net assets				47,559	28,277	75,836
Net assets beginning of year				<u>9,755,985</u>	<u>53,525</u>	<u>9,809,510</u>
Net assets end of year				\$ <u>9,803,544</u>	<u>81,802</u>	<u>9,885,346</u>

* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 155,877	165,027	960,071	619,312	1,900,287
Receivables:					
Property tax:					
Delinquent	19,599	3,092	0	1,880	24,571
Succeeding year	2,816,316	409,786	0	82,892	3,308,994
Income surtax	159,141	0	0	0	159,141
Accounts	762	0	0	419	1,181
Due from other governments	190,463	0	77,846	0	268,309
TOTAL ASSETS	\$ 3,342,158	577,905	1,037,917	704,503	5,662,483
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 63,144	0	48,691	2,245	114,080
Salaries and benefits payable	39,207	0	0	0	39,207
Deferred revenue:					
Succeeding year property tax	2,816,316	409,786	0	82,892	3,308,994
Income surtax	159,141	0	0	0	159,141
Total liabilities	3,077,808	409,786	48,691	85,137	3,621,422
Fund balances:					
Reserved for:					
Debt service	0	0	0	275,854	275,854
Categorical funding	38,085	0	0	0	38,085
Unreserved	226,265	168,119	989,226	343,512	1,727,122
Total fund balances	264,350	168,119	989,226	619,366	2,041,061
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,342,158	577,905	1,037,917	704,503	5,662,483

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances of governmental funds (page 20)	\$	2,041,061
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,930,757
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(2,299)
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		159,141
Long-term liabilities, including capital loan notes and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(325,116)</u>
Net assets of governmental activities (page 18)	\$	<u>9,803,544</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Physical Plant and Equipment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:					
Local sources:					
Local tax	\$ 2,736,199	404,147	464,389	245,776	3,850,511
Tuition	323,864	0	0	0	323,864
Other	94,526	256	2,825	412,530	510,137
State sources	2,041,549	0	0	0	2,041,549
Federal sources	570,494	0	0	0	570,494
Total revenues	<u>5,766,632</u>	<u>404,403</u>	<u>467,214</u>	<u>658,306</u>	<u>7,296,555</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	2,492,721	0	0	26,720	2,519,441
Special	862,623	0	0	0	862,623
Other	669,884	0	0	393,742	1,063,626
	<u>4,025,228</u>	<u>0</u>	<u>0</u>	<u>420,462</u>	<u>4,445,690</u>
Support services:					
Student	146,751	0	0	1,004	147,755
Instructional staff	113,940	0	79,186	335	193,461
Administration	667,358	0	617	16,461	684,436
Operation and maintenance of plant	410,217	0	0	35,645	445,862
Transportation	505,724	0	0	18,585	524,309
	<u>1,843,990</u>	<u>0</u>	<u>79,803</u>	<u>72,030</u>	<u>1,995,823</u>
Non-instructional programs:					
Food service operations	0	0	0	1,337	1,337
Other expenditures:					
Facilities acquisitions	0	0	352,182	0	352,182
Long-term debt:					
Principal	0	0	0	295,000	295,000
Interest and fiscal charges	0	0	0	26,628	26,628
AEA flowthrough	240,805	0	0	0	240,805
	<u>240,805</u>	<u>0</u>	<u>352,182</u>	<u>321,628</u>	<u>914,615</u>
Total expenditures	<u>6,110,023</u>	<u>0</u>	<u>431,985</u>	<u>815,457</u>	<u>7,357,465</u>
Excess(deficiency) of revenues over(under) expenditures	(343,391)	404,403	35,229	(157,151)	(60,910)
Other financing sources(uses):					
Sale of equipment	755	0	0	0	755
Transfers in	0	0	0	322,028	322,028
Transfers out	0	(322,028)	0	0	(322,028)
Total other financing sources(uses)	<u>755</u>	<u>(322,028)</u>	<u>0</u>	<u>322,028</u>	<u>755</u>
Net change in fund balances	(342,636)	82,375	35,229	164,877	(60,155)
Fund balance beginning of year	606,986	85,744	953,997	454,489	2,101,216
Fund balance end of year	<u>\$ 264,350</u>	<u>168,119</u>	<u>989,226</u>	<u>619,366</u>	<u>2,041,061</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds (page 22) \$ (60,155)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays, depreciation expense and loss on disposal of assets in the year are as follows:

Capital outlays	\$ 183,986	
Depreciation expense	(357,723)	
Loss on asset disposal	<u>(14,804)</u>	(188,541)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments were as follows:

Repaid	295,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

2,139

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

14,232

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

Other postemployment benefits	<u>(15,116)</u>
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Changes in net assets of governmental activities (page 19) \$ 47,559

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF NET ASSETS
 PROPRIETARY FUND
 JUNE 30, 2010

	School Nutrition
ASSETS	
Cash and pooled investments	\$ 64,844
Accounts receivable	635
Inventories	12,618
Capital assets, net of accumulated depreciation	6,265
TOTAL ASSETS	84,362
LIABILITIES	
Accounts payable	170
Salaries and benefits payable	1,721
Net OPEB liability	669
TOTAL LIABILITIES	2,560
NET ASSETS	
Invested in capital assets	6,265
Unrestricted	75,537
TOTAL NET ASSETS	\$ 81,802

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2010

	School Nutrition
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 149,379
Miscellaneous	7,483
TOTAL OPERATING REVENUES	156,862
OPERATING EXPENSES:	
Non-instructional programs:	
Food service operations:	
Salaries	100,604
Benefits	39,118
Services	2,526
Supplies	131,651
Depreciation	1,757
TOTAL OPERATING EXPENSES	275,656
OPERATING LOSS	(118,794)
NON-OPERATING REVENUES:	
State sources	3,239
Federal sources	143,806
Interest on investments	26
TOTAL NON-OPERATING REVENUES	147,071
Change in net assets	28,277
Net assets beginning of year	53,525
Net assets end of year	\$ 81,802

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2010

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 150,300
Cash received from miscellaneous operating activities	7,483
Cash payments to employees for services	(137,332)
Cash payments to suppliers for goods or services	(106,808)
Net cash used in operating activities	(86,357)
Cash flows from non-capital financing activities:	
State grants received	3,239
Federal grants received	113,658
Net cash provided by non-capital financing activities	116,897
Cash flows from capital and related financing activities:	
Purchase of capital assets	(820)
Cash flows from investing activities:	
Interest on investments	26
Net increase in cash and cash equivalents	29,746
Cash and cash equivalents at beginning of year	35,098
Cash and cash equivalents at end of year	\$ 64,844
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (118,794)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	30,148
Depreciation	1,757
Increase in inventories	(2,949)
Decrease in accounts receivable	5,243
Increase in accounts payable	170
Increase in salaries and benefits payable	1,721
Decrease in unearned revenue	(4,322)
Increase in other postemployment benefits	669
Net cash used in operating activities	\$ (86,357)

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2010, the District received Federal commodities valued at \$30,148.

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
ASSETS		
Cash and pooled investments	\$ 29,290	340
LIABILITIES		
Accounts payable	0	340
NET ASSETS		
Reserved for scholarships	\$ 29,290	0

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2010

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 611
Deductions:	
Regular instruction:	
Scholarships awarded	950
Change in net assets	(339)
Net assets beginning of year	29,629
Net assets end of year	\$ 29,290

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(1) **Summary of Significant Accounting Policies**

The Westwood Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the district either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Sloan, Smithland, Hornick, Holly Springs, and Salix, Iowa, and the predominate agricultural territory in Woodbury and Monona Counties. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

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

A. Reporting Entity

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

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

B. Basis of Presentation

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

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

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Physical Plant and Equipment Levy Fund is utilized to account for major equipment purchases and capital improvements.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following proprietary fund:

The District's proprietary funds are the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focus's on net assets and changes in net assets. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

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

D. Assets, Liabilities and Fund Balances

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

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

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

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2009.

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

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

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

Asset Class	Amount
Land	\$ 1,500
Buildings	1,500
Land improvements	1,500
Intangibles	100,000
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for annual contracts corresponding to the current school year, which is payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current

period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

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

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

E. Budgeting and Budgetary Control

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

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2010 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the District or the District's agent in the District's name, or by multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30, 2010 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$103,576 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investor's Service.

(3) Transfers

The detail of the transfer for the year ended June 30, 2010 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Physical Plant and Equipment Levy	\$ 322,028

The Physical Plant and Equipment Levy transfer to Debt Service was needed for principal and interest payments on the District's capital loan note indebtedness.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2010 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 76,000	0	0	76,000
Total capital assets not being depreciated	76,000	0	0	76,000
Capital assets being depreciated:				
Buildings	10,753,865	0	0	10,753,865
Land improvements	772,170	34,736	0	806,906
Machinery and equipment	1,426,858	149,250	147,260	1,428,848
Total capital assets being depreciated	12,952,893	183,986	147,260	12,989,619
Less accumulated depreciation for:				
Buildings	3,366,030	216,711	0	3,582,741
Land improvements	606,014	18,320	0	624,334
Machinery and equipment	937,551	122,692	132,456	927,787
Total accumulated depreciation	4,909,595	357,723	132,456	5,134,862
Total capital assets being depreciated, net	8,043,298	(173,737)	14,804	7,854,757
Governmental activities capital assets, net	\$ 8,119,298	(173,737)	14,804	7,930,757
Business type activities:				
Machinery and equipment	\$ 150,380	820	0	151,200
Less accumulated depreciation	143,178	1,757	0	144,935
Business type activities capital assets, net	\$ 7,202	(937)	0	6,265

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 7,009
Support services:		
Administration		7,520
Operation and maintenance of plant		4,029
Transportation		104,134
		<u>122,692</u>
Unallocated depreciation		<u>235,031</u>
		<u>357,723</u>
Total governmental activities depreciation expense		<u>\$ 357,723</u>
Business type activities:		
Food services		<u>\$ 1,757</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Capital Loan Notes	605,000	0	295,000	310,000	310,000
Net OPEB liability	0	15,116	0	15,116	0
Total	<u>\$ 605,000</u>	<u>15,116</u>	<u>295,000</u>	<u>325,116</u>	<u>310,000</u>
Business Type Activities:					
Net OPEB liability	<u>\$ 0</u>	<u>669</u>	<u>0</u>	<u>669</u>	<u>0</u>

Capital Loan Notes

The District issued \$2,590,000 in capital loan notes on May 1, 2002 for capital improvements. Principal and interest payments will be made by the Physical Plant and Equipment Levy Fund. Details of the District's June 30, 2010 capital loan notes indebtedness is as follows:

Year Ending June 30,	Issue dated May 1, 2002			
	Interest Rates	Principal	Interest	Total
2011	4.45 %	\$ 310,000	13,796	<u>323,796</u>

(6) Pension and Retirement Benefits

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

Plan members are required to contribute 4.30% of their annual covered salary and the District is required to contribute 6.65% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$254,788, \$240,659, and \$221,338 respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2010.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 47 active and 5 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Iowa Schools Employee Benefits Association (ISEBA). Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which result in an implicit rate subsidy and an OPEB liability.

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

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize and unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 27,617
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost	<u>27,617</u>
Contributions made	<u>(11,832)</u>
Increase in net OPEB obligation	15,785
Net OPEB obligation beginning of year	<u>0</u>
Net OPEB obligation end of year	<u>\$ 15,785</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the District contributed \$11,832 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 27,617	42.84%	\$ 15,785

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$217,110, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$217,110. The covered payroll (annual payroll of active employees covered by the plan) was \$2,038,885, and the ratio of the UAAL to covered payroll was 10.65%. As of June 30, 2010 there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of July 1, 2009 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table Projected to 2000, applied on a gender-specific basis. Annual retirement and termination probabilities were based upon the 2006 Society of Actuaries Study. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

(8) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and vision. District contributions to ISEBA for the year ended June 30, 2010 were \$319,925.

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

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$240,805 for the year ended June 30, 2010 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Categorical Funding

The District's ending reserved balances for categorical funding as of June 30, 2010 are broken out by the following projects:

<u>Project</u>	<u>Amount</u>
Talented and gifted	\$ 1,392
Beginning teacher mentoring	535
Salary improvement program	5,314
Model core curriculum	344
Professional development	26,459
Market factor incentives	4,041
Total	<u>\$ 38,085</u>

WESTWOOD COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2010

	Governmental		Proprietary	Budgeted Amounts		Final to
	Fund Types	Fund Type	Total			Actual
	Actual	Actual	Actual	Original	Final	Variance
Revenues:						
Local sources	\$ 4,684,512	156,888	4,841,400	5,256,712	5,256,712	(415,312)
State sources	2,041,549	3,239	2,044,788	2,973,293	2,973,293	(928,505)
Federal sources	570,494	143,806	714,300	355,485	355,485	358,815
Total revenues	<u>7,296,555</u>	<u>303,933</u>	<u>7,600,488</u>	<u>8,585,490</u>	<u>8,585,490</u>	<u>(985,002)</u>
Expenditures/Expenses:						
Instruction	4,445,690	0	4,445,690	4,948,370	4,948,370	502,680
Support services	1,995,823	0	1,995,823	3,029,512	3,029,512	1,033,689
Non-instructional programs	1,337	275,656	276,993	436,943	436,943	159,950
Other expenditures	914,615	0	914,615	1,923,407	1,923,407	1,008,792
Total expenditures/expenses	<u>7,357,465</u>	<u>275,656</u>	<u>7,633,121</u>	<u>10,338,232</u>	<u>10,338,232</u>	<u>2,705,111</u>
Excess(deficiency) of revenues over(under) expenditures/expenses	(60,910)	28,277	(32,633)	(1,752,742)	(1,752,742)	1,720,109
Other financing sources, net	755	0	755	13,515	13,515	(12,760)
Excess(deficiency) of revenues and other financing sources over(under) expenditures/expenses	(60,155)	28,277	(31,878)	(1,739,227)	(1,739,227)	1,707,349
Balance beginning of year	2,101,216	53,525	2,154,741	3,583,902	3,583,902	(1,429,161)
Balance end of year	<u>\$ 2,041,061</u>	<u>81,802</u>	<u>2,122,863</u>	<u>1,844,675</u>	<u>1,844,675</u>	<u>278,188</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2010

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

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

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

WESTWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS FOR THE
 RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ 0	\$ 217,110	\$ 217,110	0.00%	\$ 2,038,885	10.65%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue		Total Special Revenue Funds	Debt Service	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity			
ASSETS					
Cash and pooled investments	\$ 278,730	64,728	343,458	275,854	619,312
Receivables:					
Property tax:					
Delinquent	1,880	0	1,880	0	1,880
Succeeding year	82,892	0	82,892	0	82,892
Accounts	419	0	419	0	419
TOTAL ASSETS	\$ 363,921	64,728	428,649	275,854	704,503
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	2,245	2,245	0	2,245
Deferred revenue:					
Succeeding year property tax	82,892	0	82,892	0	82,892
Total liabilities	82,892	2,245	85,137	0	85,137
Fund balances:					
Reserved for:					
Debt service	0	0	0	275,854	275,854
Unreserved fund balances	281,029	62,483	343,512	0	343,512
Total fund balances	281,029	62,483	343,512	275,854	619,366
TOTAL LIABILITIES AND FUND BALANCES	\$ 363,921	64,728	428,649	275,854	704,503

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2010

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue		
REVENUES:					
Local sources:					
Local tax	\$ 245,776	0	0	0	245,776
Other	13,576	398,254	0	700	412,530
TOTAL REVENUES	259,352	398,254	0	700	658,306
EXPENDITURES:					
Current:					
Instruction:					
Regular	26,720	0	26,720	0	26,720
Other	0	393,742	393,742	0	393,742
Support services:					
Student	1,004	0	1,004	0	1,004
Instructional staff	335	0	335	0	335
Administration	16,061	0	16,061	400	16,461
Operation and maintenance of plant	35,645	0	35,645	0	35,645
Transportation	18,585	0	18,585	0	18,585
Non-instructional programs:					
Food service operations	1,337		1,337		1,337
Long-term debt:					
Principal	0	0	0	295,000	295,000
Interest and fiscal charges	0	0	0	26,628	26,628
TOTAL EXPENDITURES	99,687	393,742	493,429	322,028	815,457
Excess(Deficiency) of revenues over(under) expenditures	159,665	4,512	164,177	(321,328)	(157,151)
OTHER FINANCING SOURCES:					
Transfers in	0	0	0	322,028	322,028
Net change in fund balance	159,665	4,512	164,177	700	164,877
Fund balance beginning of year	121,364	57,971	179,335	275,154	454,489
Fund balance end of year	\$ 281,029	62,483	343,512	275,854	619,366

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2010

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Miscellaneous Student Activity	\$ 148	610	237	521
Concession Stand	(279)	23,136	22,647	210
Elementary Band	0	1,660	1,496	164
Elem. Student Affairs	325	770	1,095	0
Elem. Student Council	787	0	0	787
JH Jammers	0	900	900	0
JH Student Council	401	0	401	0
Plays	967	0	415	552
Musical	219	4,254	4,468	5
Madrigal	2,832	0	2,477	355
Music Boosters	2,159	3,556	4,142	1,573
Vocal Music	0	73,995	72,241	1,754
Rebelaires	319	29,580	28,320	1,579
Show Choir Invitational	0	56,050	55,535	515
Instrumental Music	0	1,168	1,167	1
Cross Country	2,400	1,614	4,014	0
Boy's Basketball	1,812	5,075	6,887	0
Football	2,147	7,490	8,563	1,074
Baseball	0	8,445	8,444	1
Boy's Track	255	1,739	1,983	11
Boy's Golf	0	226	226	0
Wrestling	0	6,707	6,706	1
Girl's Basketball	3,445	3,833	6,323	955
Volleyball	3,222	4,886	6,156	1,952
Softball	0	5,804	5,802	2
Girl's Track	0	2,696	2,664	32
Girl's Golf	54	0	0	54
Spanish Club	0	192	101	91
Student Affairs	2,124	258	2,281	101
Annual	4,584	7,590	6,749	5,425
National Honor Society	503	2,730	2,269	964
Quiz Bowl	254	0	0	254
Future Problem Solving	902	2,477	2,188	1,191
Weight Room	16	0	0	16
FFA	407	33,290	29,548	4,149
FFA Trust	2,918	23	0	2,941
FHA	0	77	65	12
Media Club	146	0	0	146
Athletic Boosters	18,177	57,301	48,498	26,980
Season Passes	358	8,081	8,437	2
Class of 2008	734	0	734	0
Class of 2009	487	0	487	0
Class of 2010	655	3,201	3,616	240
Class of 2011	0	6,169	6,169	0
HS Student Council	85	6,411	6,496	0
Cheerleaders	0	3,034	2,483	551
Basketball Cheerleaders	498	1,890	2,180	208
Wrestling Cheerleading	0	341	341	0
Drill Team	49	11,404	6,926	4,527
After Prom Party	3,861	9,591	10,865	2,587
Total	\$ 57,971	398,254	393,742	62,483

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -
 AGENCY FUND
 YEAR ENDED JUNE 30, 2010

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 17,525	24,129	41,314	340
Accounts receivable	395	0	395	0
	<u>\$ 17,920</u>	<u>24,129</u>	<u>41,709</u>	<u>340</u>
LIABILITIES				
Accounts payable	\$ 0	340	0	340
Due to other groups	17,920	23,789	41,709	0
TOTAL LIABILITIES	<u>\$ 17,920</u>	<u>24,129</u>	<u>41,709</u>	<u>340</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2010

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
ASSETS						
Cash and pooled investments	\$ 2,193	7,379	12,079	6,437	1,202	29,290
LIABILITIES						
	0	0	0	0	0	0
NET ASSETS						
Reserved for scholarships	\$ 2,193	7,379	12,079	6,437	1,202	29,290

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2010

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
ADDITIONS:						
Local sources:						
Interest	\$ 100	286	79	117	29	611
DEDUCTIONS:						
Regular instruction:						
Scholarships awarded	500	250	0	0	200	950
Changes in net assets	(400)	36	79	117	(171)	(339)
Net assets beginning of year	2,593	7,343	12,000	6,320	1,373	29,629
Net assets end of year	\$ 2,193	7,379	12,079	6,437	1,202	29,290

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	Years Ended June 30,						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Local sources:							
Local tax	\$ 3,850,511	3,750,250	3,705,710	3,526,683	3,578,906	3,852,725	3,694,553
Tuition	323,864	341,478	393,580	364,395	340,776	247,314	303,419
Other	510,137	455,024	495,463	594,561	493,369	387,476	454,843
State sources	2,041,549	2,644,314	2,567,230	2,465,643	2,437,384	2,220,110	2,235,401
Federal sources	570,494	261,481	168,332	160,736	146,837	148,300	173,376
Total	\$ 7,296,555	7,452,547	7,330,315	7,112,018	6,997,272	6,855,925	6,861,592
Expenditures:							
Instruction:							
Regular	\$ 2,519,441	2,697,194	2,536,812	2,452,479	2,400,031	2,254,595	2,299,687
Special	862,623	867,594	803,722	696,062	767,795	717,390	795,993
Other	1,063,626	960,146	810,222	713,209	694,697	681,518	539,839
Support services:							
Student	147,755	186,623	166,320	153,284	145,840	144,734	137,146
Instructional staff	193,461	262,731	177,049	172,518	193,769	123,536	97,427
Administration	684,436	798,100	690,337	682,910	598,678	580,160	570,496
Operation and maintenance of plant	445,862	452,660	420,190	397,535	354,575	368,832	355,605
Transportation	524,309	607,830	544,307	493,383	489,195	436,236	454,468
Non-instructional programs	1,337	3,258	4,846	824	757	737	704
Other expenditures:							
Facilities acquisitions	352,182	192,426	293,855	230,744	208,371	96,863	145,996
Long-term debt:							
Principal	295,000	610,000	575,000	550,000	845,000	1,015,000	965,000
Interest and other charges	26,628	46,344	72,200	97,233	132,265	178,252	218,792
AEA flow-through	240,805	221,081	208,238	203,337	190,338	189,051	193,525
Total	\$ 7,357,465	7,905,987	7,303,098	6,843,518	7,021,311	6,786,904	6,774,678

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 10	22,561
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 10	121,245 *
			<u>143,806</u>
U.S. DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I CLUSTER PROGRAMS:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	FY 10	57,101
ARRA - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, RECOVERY ACT	84.389	FY 10	31,595
			<u>88,696</u>
SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES - STATE GRANTS	84.186	FY 10	<u>1,633</u>
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	FY 10	<u>35,371</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	84.369	FY 10	<u>3,965</u>
ARRA - STATE FISCAL STABILIZATION FUND(SFSF) EDUCATION STATE GRANTS, RECOVERY ACT	84.394	FY 10	<u>263,108</u>
AREA EDUCATION AGENCY:			
SPECIAL EDUCATION CLUSTER PROGRAMS:			
SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 10	30,597
ARRA - SPECIAL EDUCATION GRANTS TO STATES, RECOVERY ACT	84.391	FY 10	66,930
			<u>97,527</u>
CAREER AND TECHNICAL EDUCATION - BASIC GRANTS TO STATES	84.048	FY 10	<u>6,048</u>
TOTAL			<u>\$ 640,154</u>

* - Includes \$30,148 of non-cash awards.

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

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of the
Westwood Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Westwood Community School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 22, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the 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 a material misstatement of the District's financial statements will not be prevented or detected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-10 to be a material weakness.

A significant deficiency is a deficiency or 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. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-B-10 to be significant deficiency.

Compliance and Other Matters

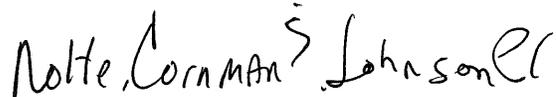
As part of obtaining reasonable assurance about whether Westwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs/

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Westwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Westwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Westwood Community School District and other parties to whom Westwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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


NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2011

NOLTE, CORNMAN & JOHNSON P.C.
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(a professional corporation)
117 West 3rd Street North, Newton, Iowa 50208-3040
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance
in Accordance with OMB Circular A-133

To the Board of Education of
Westwood Community School District

Compliance

We have audited the compliance of Westwood Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Westwood Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Westwood Community School District's management. Our responsibility is to express an opinion on Westwood Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Westwood Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Westwood Community School District's compliance with those requirements.

In our opinion, Westwood Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Westwood Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Westwood Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Westwood Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and, therefore there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in the District's 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Finding and Questionable Costs as item III-A-10 as a material weakness.

Westwood Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Westwood Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Westwood Community School District and other parties to whom Westwood Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.


NOLTE, CORNMAN & JOHNSON, P.C.

March 22, 2011

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) A significant deficiency and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over major programs was disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was as follows:
 - Clustered:
 - CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
 - Individual:
 - CFDA Number 84.394 - ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Westwood Community School District did not qualify as a low-risk auditee.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

II-A-10 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion - Response accepted.

II-B-10 Checks Written as Bearer Paper - We noted during our audit that the District is writing checks to the bank which are later cashed at that bank for start-up money at athletic events.

Recommendation - The District writes various checks throughout the year being written to the bank instead of the custodian/sponsor for these events and the bank. Checks made out to the bank alone are bearer paper and in the event the check would be lost or stolen, anyone could cash the check. In the future the District should write the check payable to the custodian/sponsor and the bank.

Response - We will change our procedures for writing checks for start-up money for events so that checks will be made out to the custodian and/or sponsor for the event.

Conclusion - Response accepted.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
Federal Award Year: 2010
U.S. Department of Agriculture
Passed through the Iowa Department of Education

CFDA Number 84.394: ARRA - State Fiscal Stabilization Fund - Education State Grants,
Recovery Act
Federal Award Year: 2010
U.S. Department of Education
Passed through the Iowa Department of Education

III-A-10 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

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

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

Conclusion - Response accepted.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-10 Certified Budget - District disbursements for the year ended June 30, 2010 did not exceed the certified budget amounts.

IV-B-10 Questionable Disbursements - We noted during our audit that the District purchased gift cards to give to students as prizes. Gift cards do not appear to meet public purpose as defined in the Attorney General's opinion dated April 25, 1979.

Recommendation - The District should review the procedures in place, and make necessary adjustments to comply.

Response - The District will review procedures to ensure that gift cards will not be given to students as prizes.

Conclusion - Responses accepted.

IV-C-10 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-10 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-10 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-10 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-10 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-10 Supplementary Weighting - No variance regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-10 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-J-10 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-K-10 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-10 Statewide Sales, Services and Use Tax - No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. For the year ended June 30, 2010, the District's financial activity and other required information for the statewide sales, services and use tax are as follows:

Beginning Balance		\$	0
Statewide sales, services and use tax revenue			464,389
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$	260,737	
Other Improvements		171,248	431,985
Ending balance		\$	<u>32,404</u>

As a result of the statewide sales, service and use tax revenue received during the year ended June 30, 2010 the District reduced the following levy:

	Per \$1000 of Taxable Valuation	Property Tax Dollars
Physical Plant and Equipment Levy (PEEL)	\$ 0.04360	\$ 10,817

IV-M-10Checks Outstanding - We noted during our audit that the District had checks included in the bank reconciliation which have been outstanding for over a year.

Recommendation - Per Chapter 556.1(10) and 556.11 of the Code of Iowa, the District is required to report unclaimed property to the State Treasurer annually before November 1st. The District should submit the outstanding checks to the State Treasurer as unclaimed property.

Response - We will review our outstanding checks and report unclaimed checks to the State Treasurer annually.

Conclusion - Response accepted.