

WESTWOOD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2011

Contents

		<u>Page</u>
Officials		3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-15
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Assets	A	18
Statement of Activities	B	19
Governmental Fund Financial Statements:		
Balance Sheet	C	20
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D	21
Statement of Revenues, Expenditures and Changes in Fund Balances	E	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	23
Proprietary Fund Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Basic Financial Statements		29-40
Required Supplementary Information:		
Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund		42
Notes to Required Supplementary Information - Budgetary Reporting		43
Schedule of Funding Progress for the Retiree Health Plan		44
Other Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	47
Capital Project Accounts:		
Combining Balance Sheet	3	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	49
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	5	50
Combining Statement of Fiduciary Net Assets Private Purpose Trust - Scholarship Funds	6	51
Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust - Scholarship Funds	7	52
Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types	8	53
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 <u>Government Auditing Standards</u>		54-55
Schedule of Findings		56-58

Westwood Community School District

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

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, 2011, 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, 2011, 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 20, 2012, 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 seven years ended June 30, 2010 (none of which are presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 8, 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.

A handwritten signature in black ink, reading "Nolte, Cornman & Johnson PC". The signature is written in a cursive, flowing style.

NOLTE, CORNMAN & JOHNSON, P.C.

March 20, 2012

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, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$5,767,387 in fiscal 2010 to \$6,128,513 in fiscal 2011, while General Fund expenditures decreased from \$6,110,023 in fiscal 2010 to \$6,060,326 in fiscal 2011. This resulted in an increase in the District's fund balance from \$264,350 in fiscal 2010 to \$332,537 in fiscal 2011, which was a 25.79% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state source revenues during fiscal 2011. The decrease in General Fund expenditures was attributable to a decrease in the salaries and benefits paid by the District.
- The District's solvency ratio decreased from 3.92% at June 30, 2010 to 3.74% at June 30, 2011.

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 governmental funds.

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

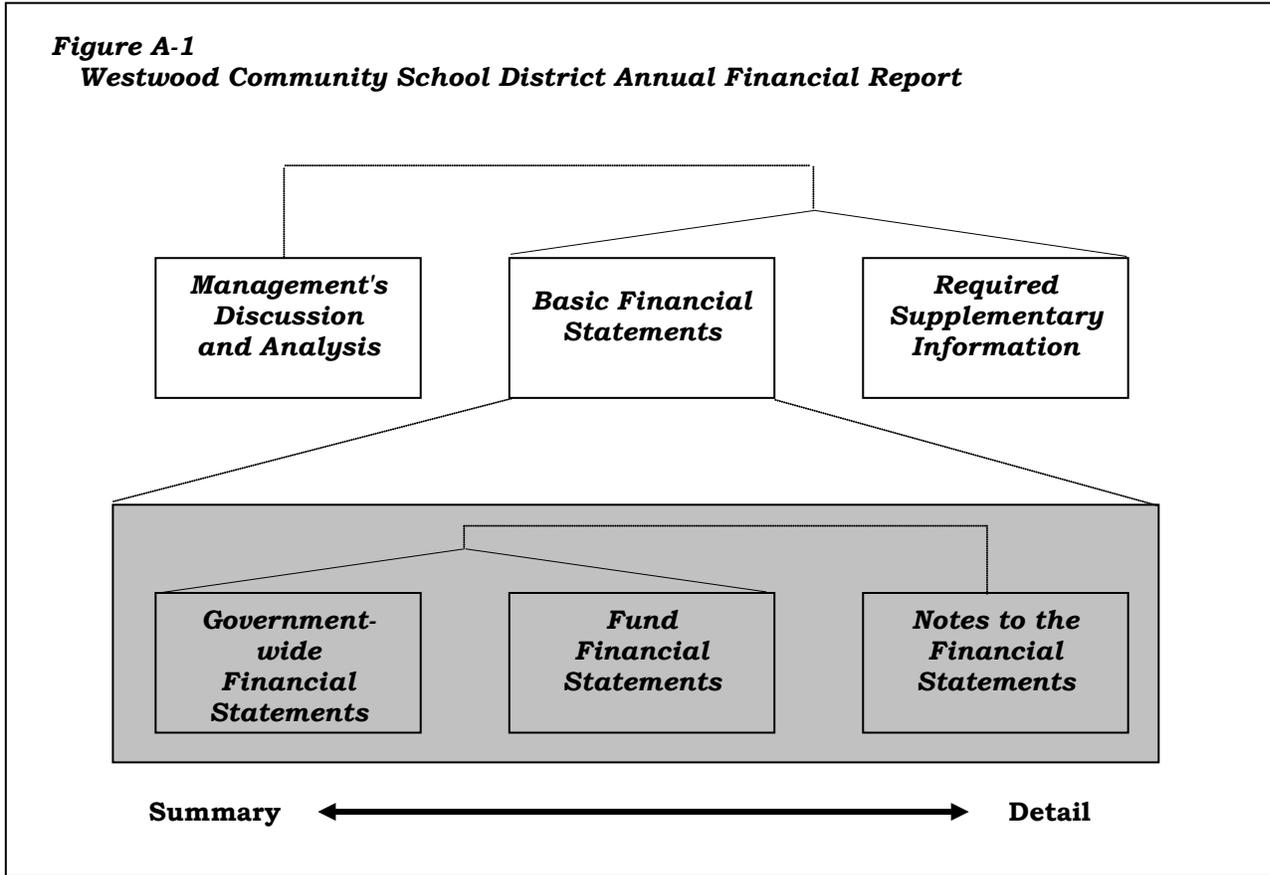


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

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, 2011 compared to June 30, 2010.

Figure A-3
Condensed Statement of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 5,582,035	5,662,483	88,712	78,097	5,670,747	5,740,580	-1.22%
Capital assets	7,615,838	7,930,757	8,141	6,265	7,623,979	7,937,022	-3.94%
Total assets	13,197,873	13,593,240	96,853	84,362	13,294,726	13,677,602	-2.80%
Long-term obligations	24,124	325,116	1,068	669	25,192	325,785	-92.27%
Other liabilities	3,571,691	3,464,580	1,817	1,891	3,573,508	3,466,471	3.09%
Total liabilities	3,595,815	3,789,696	2,885	2,560	3,598,700	3,792,256	-5.10%
Net assets:							
Invested in capital assets, net of related debt	7,615,838	7,620,757	8,141	6,265	7,623,979	7,627,022	-0.04%
Restricted	1,615,693	1,814,796	0	0	1,615,693	1,814,796	-10.97%
Unrestricted	370,527	367,991	85,827	75,537	456,354	443,528	2.89%
Total net assets	\$ 9,602,058	9,803,544	93,968	81,802	9,696,026	9,885,346	-1.92%

The District's combined net assets decreased by \$189,320, or 1.92% over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g. land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources 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 decreased \$199,103, or 10.97% over the prior year. The decrease in fund balances of the Management Levy Fund and the Statewide Sales, Services and Use Tax Fund were factors in the decrease 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 – increased \$12,826, or 2.89%. The majority of the increase in unrestricted net assets was due to the increase in the fund balance of the General Fund

Figure A-4 shows the changes in net assets for the years ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-4
Changes of Net Assets

	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	2011	2010	2011	2010	2011	2010	2010-11
Revenues:							
Program revenues:							
Charges for services	\$ 773,370	724,724	135,394	149,379	908,764	874,103	3.97%
Operating grants, contributions and restricted interest	630,407	1,241,170	154,328	147,045	784,735	1,388,215	-43.47%
General revenues:							
Property tax	3,287,653	3,211,636	0	0	3,287,653	3,211,636	2.37%
Income surtax	179,914	188,718	0	0	179,914	188,718	-4.67%
Statewide sales, services and use tax	428,984	464,389	0	0	428,984	464,389	-7.62%
Unrestricted state grants	2,032,051	1,400,708	0	0	2,032,051	1,400,708	45.07%
Nonspecific program federal grants	174,029	0	0	0	174,029	0	100.00%
Unrestricted investment earnings	4,945	4,618	30	26	4,975	4,644	7.13%
Other	29,966	74,824	7,455	7,483	37,421	82,307	-54.53%
Total revenues	<u>7,541,319</u>	<u>7,310,787</u>	<u>297,207</u>	<u>303,933</u>	<u>7,838,526</u>	<u>7,614,720</u>	<u>2.94%</u>
Program expenses:							
Governmental activities:							
Instruction	4,802,595	4,454,655	0	0	4,802,595	4,454,655	7.81%
Support services	2,383,519	1,989,465	0	0	2,383,519	1,989,465	19.81%
Non-instructional programs	68,752	1,337	285,041	275,656	353,793	276,993	27.73%
Other expenses	487,939	817,771	0	0	487,939	817,771	-40.33%
Total expenses	<u>7,742,805</u>	<u>7,263,228</u>	<u>285,041</u>	<u>275,656</u>	<u>8,027,846</u>	<u>7,538,884</u>	<u>6.49%</u>
Change in net assets	(201,486)	47,559	12,166	28,277	(189,320)	75,836	-349.64%
Net assets beginning of year	<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>
Ending net assets	<u>\$ 9,602,058</u>	<u>9,803,544</u>	<u>93,968</u>	<u>81,802</u>	<u>9,696,026</u>	<u>9,885,346</u>	<u>-1.92%</u>

Property tax, unrestricted state grants, charges for services, and operating grants, contributions, and restricted interest account for 89.16% of the revenue from governmental activities while charges for service and sales and operating grants, contributions, and restricted interest account for 97.48% of the revenue from business type activities.

The District's total revenues were approximately \$7.84 million of which approximately \$7.54 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 2.94% increase in revenues and a 6.49% increase in expenses. The increase in revenues can be mainly attributed to the increase in state grant funding. The increase in expenses related to increases in the negotiated salaries and benefits.

Governmental Activities

Total revenues for all of the Districts' governmental activities were \$7,541,319 and expenses were \$7,742,805.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2010-11	2011	2010	Change 2010-11
Instruction	\$ 4,802,595	4,454,655	7.81%	3,678,684	2,731,725	34.67%
Support services	2,383,519	1,989,465	19.81%	2,345,066	1,987,306	18.00%
Non-instructional	68,752	1,337	5042.26%	68,752	1,337	5042.26%
Other expenses	487,939	817,771	-40.33%	246,526	576,966	-57.27%
Totals	<u>\$ 7,742,805</u>	<u>7,263,228</u>	<u>6.60%</u>	<u>6,339,028</u>	<u>5,297,334</u>	<u>19.66%</u>

For the year ended June 30, 2011:

- The cost financed by users of the District's programs was \$773,370.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$630,407.
- The net cost of governmental activities was financed with property tax of \$3,287,653, income surtax of \$179,914, statewide sales, services and use tax of \$428,984, unrestricted state grants of \$2,032,051, nonspecific program federal grants of \$174,029, interest income of \$4,945 and other general revenues of \$29,966.

Business type Activities

Revenues for business type activities were \$297,207 and expenses were \$285,041. 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.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,835,884, a decrease of \$205,177 from last year's ending fund balance of \$2,041,061.

Governmental Fund Highlights

- The District's increase in General Fund financial position from \$264,350 to \$332,537 is the product of many factors. The increase in General Fund revenues can be attributed to the increase in local tax and state source revenues. The decrease in General Fund expenditures was attributable to a decrease in salaries and benefits paid to employees. The increase in General Fund revenues, combined with the decrease in fund expenditures ensured the increase in General Fund balance.

- The Capital Projects Accounts decreased from \$1,157,345 in fiscal 2010 to \$1,051,509 in fiscal 2011. This decrease was attributable to the District transferring money from the Capital Project: Physical Plant and Equipment Levy to the Debt Service Fund for the payment of a capital loan note. The District implemented GASB Statement No. 54 which reclassified the Physical Plant and Equipment Levy Fund as a Capital Project Fund.

Proprietary Fund Highlights

School Nutrition Fund net assets increased from \$81,802 in fiscal 2010 to \$93,968 in fiscal 2011, representing an increase of 14.87%.

BUDGETARY HIGHLIGHTS

The District’s receipts were \$460,618 less than budgeted receipts, a variance of 5.56%. 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, 2011, the District had invested \$7,623,979, 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 \$482,319.

The original cost of the District’s capital assets was \$13.38 million. Governmental funds account for \$13.23 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 machinery and equipment category. The District’s machinery and equipment totaled \$429,313 at June 30, 2011, compared to \$507,326 reported at June 30, 2010. This decrease is attributable to depreciation expense taken during the year.

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,
	2011	2010	2011	2010	2011	2010	2010-11
Land	\$ 76,000	76,000	0	0	76,000	76,000	0.00%
Buildings	6,954,413	7,171,124	0	0	6,954,413	7,171,124	-3.02%
Land improvements	164,253	182,572	0	0	164,253	182,572	-10.03%
Machinery and equipment	421,172	501,061	8,141	6,265	429,313	507,326	-15.38%
Total	\$ 7,615,838	7,930,757	8,141	6,265	7,623,979	7,937,022	-3.94%

Long-Term Debt

At June 30, 2011, the District had \$25,192 in long-term debt outstanding. This represents a decrease of 92.27% 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 a net OPEB liability of \$25,192; \$24,124 in the governmental activities and \$1,068 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,	
2011	2010	2011	2010	2011	2010	2010-11	
Capital loan notes	\$ 0	310,000	0	0	0	310,000	-100.00%
Net OPEB obligation	24,124	15,116	1,068	669	25,192	15,785	59.59%
Total	\$ 24,124	325,116	1,068	669	25,192	325,785	-92.27%

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.
- On July 1, 2011, the IPERS increase to 8.07% will increase the Westwood Community Schools employer benefits costs during fiscal 2012. An additional increase to 8.67% is anticipated for FY13.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and 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, 2011

	Governmental Activities	Business type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,013,559	76,695	2,090,254
Receivables:			
Property tax:			
Delinquent	24,111	0	24,111
Succeeding year	3,176,675	0	3,176,675
Income surtax	174,460	0	174,460
Accounts	13,947	97	14,044
Due from other governments	179,283	0	179,283
Inventories	0	11,920	11,920
Capital assets, net of accumulated depreciation	7,615,838	8,141	7,623,979
Total assets	13,197,873	96,853	13,294,726
Liabilities			
Accounts payable	211,016	1,147	212,163
Salaries and benefits payable	183,073	670	183,743
Deferred revenue:			
Succeeding year property tax	3,176,675	0	3,176,675
Other	927	0	927
Long-term liabilities:			
Portion due after one year:			
Net OPEB liability	24,124	1,068	25,192
Total liabilities	3,595,815	2,885	3,598,700
Net assets			
Invested in capital assets, net of related debt	7,615,838	8,141	7,623,979
Restricted for:			
Categorical funding	103,524	0	103,524
School infrastructure	799,644	0	799,644
Physical plant and equipment	251,865	0	251,865
Management levy purposes	131,837	0	131,837
Student activities	52,476	0	52,476
Debt service	276,347	0	276,347
Unrestricted	370,527	85,827	456,354
Total net assets	\$ 9,602,058	93,968	9,696,026

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

	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	\$ 2,685,297	294,418	160,126	(2,230,753)	0	(2,230,753)
Special	880,233	49,973	86,304	(743,956)	0	(743,956)
Other	1,237,065	428,854	104,236	(703,975)	0	(703,975)
	<u>4,802,595</u>	<u>773,245</u>	<u>350,666</u>	<u>(3,678,684)</u>	<u>0</u>	<u>(3,678,684)</u>
Support services:						
Student	114,157	0	1,524	(112,633)	0	(112,633)
Instructional staff	372,456	0	23,187	(349,269)	0	(349,269)
Administration	701,377	0	0	(701,377)	0	(701,377)
Operation and maintenance of plant	554,626	0	0	(554,626)	0	(554,626)
Transportation	640,903	125	13,617	(627,161)	0	(627,161)
	<u>2,383,519</u>	<u>125</u>	<u>38,328</u>	<u>(2,345,066)</u>	<u>0</u>	<u>(2,345,066)</u>
Non-instructional programs:						
Food service operations	68,752	0	0	(68,752)		(68,752)
Other expenses:						
Long-term debt interest	11,496	0	0	(11,496)	0	(11,496)
AEA flowthrough	241,413	0	241,413	0	0	0
Depreciation(unallocated)*	235,030	0	0	(235,030)	0	(235,030)
	<u>487,939</u>	<u>0</u>	<u>241,413</u>	<u>(246,526)</u>	<u>0</u>	<u>(246,526)</u>
Total governmental activities	7,742,805	773,370	630,407	(6,339,028)	0	(6,339,028)
Business type activities:						
Non-instructional programs:						
Nutrition services	285,041	135,394	154,328	0	4,681	4,681
Total business type activities	<u>285,041</u>	<u>135,394</u>	<u>154,328</u>	<u>0</u>	<u>4,681</u>	<u>4,681</u>
Total	\$ 8,027,846	908,764	784,735	(6,339,028)	4,681	(6,334,347)
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,880,476	0	2,880,476
Capital outlay				407,177	0	407,177
Income surtax				179,914	0	179,914
Statewide sales, services and use tax				428,984	0	428,984
Unrestricted state grants				2,032,051	0	2,032,051
Nonspecific program federal grants				174,029	0	174,029
Unrestricted investment earnings				4,945	30	4,975
Other				29,966	7,455	37,421
Total general revenues				<u>6,137,542</u>	<u>7,485</u>	<u>6,145,027</u>
Change in net assets				(201,486)	12,166	(189,320)
Net assets beginning of year				9,803,544	81,802	9,885,346
Net assets end of year				<u>\$ 9,602,058</u>	<u>93,968</u>	<u>9,696,026</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, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and cash equivalents	\$ 370,082	1,078,161	565,316	2,013,559
Receivables:				
Property tax:				
Delinquent	20,521	2,986	604	24,111
Succeeding year	2,923,794	87,381	165,500	3,176,675
Income surtax	174,460	0	0	174,460
Accounts	705	0	13,242	13,947
Due from other governments	104,052	75,231	0	179,283
Total assets	\$ 3,593,614	1,243,759	744,662	5,582,035
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 99,821	104,869	6,326	211,016
Salaries and benefits payable	62,075	0	120,998	183,073
Deferred revenue:				
Succeeding year property tax	2,923,794	87,381	165,500	3,176,675
Income surtax	174,460	0	0	174,460
Other	927	0	0	927
Total liabilities	3,261,077	192,250	292,824	3,746,151
Fund balances:				
Restricted for:				
Categorical funding	103,524	0	0	103,524
School infrastructure	0	799,644	0	799,644
Physical plant and equipment	0	251,865	0	251,865
Management levy purposes	0	0	131,837	131,837
Student activities	0	0	52,476	52,476
Debt service	0	0	276,347	276,347
Unassigned:				
General	229,013	0	0	229,013
Student activities	0	0	(8,822)	(8,822)
Total fund balances	332,537	1,051,509	451,838	1,835,884
Total liabilities and fund balances	\$ 3,593,614	1,243,759	744,662	5,582,035

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Total fund balances of governmental funds(page 20)	\$	1,835,884
 <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.		7,615,838
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		174,460
Long-term liabilities, including other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(24,124)
		<hr style="border-top: 1px solid black;"/>
Net assets of governmental activities(page 18)	\$	<u><u>9,602,058</u></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, 2011

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Revenues:				
Local sources:				
Local tax	\$ 2,962,706	836,161	82,365	3,881,232
Tuition	297,127	0	0	297,127
Other	74,301	3,630	453,407	531,338
State sources	2,397,819	23,187	0	2,421,006
Federal sources	395,297	0	0	395,297
Total revenues	<u>6,127,250</u>	<u>862,978</u>	<u>535,772</u>	<u>7,526,000</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,407,453	6,230	128,349	2,542,032
Special	872,333	0	0	872,333
Other	733,366	12,271	461,491	1,207,128
	<u>4,013,152</u>	<u>18,501</u>	<u>589,840</u>	<u>4,621,493</u>
Support services:				
Student	112,439	0	1,456	113,895
Instructional staff	114,949	262,617	485	378,051
Administration	672,493	0	17,902	690,395
Operation and maintenance of plant	370,644	0	46,445	417,089
Transportation	535,236	97,438	17,844	650,518
	<u>1,805,761</u>	<u>360,055</u>	<u>84,132</u>	<u>2,249,948</u>
Non-instructional programs:				
Food service operations	0	0	29,528	29,528
Other expenditures:				
Facilities acquisitions	0	266,263	0	266,263
Long-term debt:				
Principal	0	0	310,000	310,000
Interest and fiscal charges	0	0	13,795	13,795
AEA flowthrough	241,413	0	0	241,413
	<u>241,413</u>	<u>266,263</u>	<u>323,795</u>	<u>831,471</u>
Total expenditures	<u>6,060,326</u>	<u>644,819</u>	<u>1,027,295</u>	<u>7,732,440</u>
Excess(Deficiency) of revenues over(under) expenditures	66,924	218,159	(491,523)	(206,440)
Other financing sources(uses):				
Transfer in	0	0	323,995	323,995
Transfer out	0	(323,995)	0	(323,995)
Sale of non-capitalized assets	1,263	0	0	1,263
Total other financing sources(uses)	<u>1,263</u>	<u>(323,995)</u>	<u>323,995</u>	<u>1,263</u>
Net change in fund balances	68,187	(105,836)	(167,528)	(205,177)
Fund balance beginning of year, as restated	264,350	1,157,345	619,366	2,041,061
Fund balance end of year	<u>\$ 332,537</u>	<u>1,051,509</u>	<u>451,838</u>	<u>1,835,884</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, 2011

Net change in fund balances - total governmental funds(page 22) \$ (205,177)

**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. Depreciation expense and capital outlay expenditures in the current year, are as follows:

Capital outlays	\$ 165,334	
Depreciation expense	<u>(480,253)</u>	(314,919)

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	310,000
--------	---------

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

2,299

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

15,319

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>(9,008)</u>
-------------------------------	----------------

Changes in net assets of governmental activities(page 19) \$ (201,486)

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	School Nutrition
Assets	
Cash and cash equivalents	\$ 76,695
Accounts receivable	97
Inventories	11,920
Capital assets, net of accumulated depreciation	8,141
Total assets	96,853
Liabilities	
Accounts payable	1,147
Salaries and benefits payable	670
Net OPEB liability	1,068
Total liabilities	2,885
Net assets	
Invested in capital assets	8,141
Unrestricted	85,827
Total net assets	\$ 93,968

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, 2011

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 135,394
Miscellaneous	7,455
Total operating revenues	142,849
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	102,129
Benefits	42,049
Services	3,909
Supplies	133,637
Depreciation	2,066
Total operating expenses	283,790
Operating loss	(140,941)
Non-operating revenues(expenses):	
State sources	2,847
Federal sources	151,481
Loss on disposal of assets	(1,251)
Interest on investments	30
Total non-operating revenues(expenses)	153,107
Change in net assets	12,166
Net assets beginning of year	81,802
Net assets end of year	\$ 93,968

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2011

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,932
Cash received from miscellaneous operating activities	7,455
Cash payments to employees for services	(144,830)
Cash payments to suppliers for goods or services	(111,342)
Net cash used in operating activities	(112,785)
Cash flows from non-capital financing activities:	
State grants received	2,847
Federal grants received	126,952
Net cash provided by non-capital financing activities	129,799
Cash flows from capital and related financing activities:	
Purchase of capital assets	(5,193)
Cash flows from investing activities:	
Interest on investments	30
Net increase in cash and cash equivalents	11,851
Cash and cash equivalents at beginning of year	64,844
Cash and cash equivalents at end of year	\$ 76,695
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (140,941)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	24,529
Depreciation	2,066
Decrease in inventories	698
Decrease in accounts receivable	538
Increase in accounts payable	977
Decrease in salaries and benefits payable	(1,051)
Increase in other postemployment benefits	399
Net cash used in operating activities	\$ (112,785)
Non-cash investing, capital and related financing activities:	

During the year ended June 30, 2011, the District received
Federal commodities valued at \$24,529.

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Assets	
Cash and cash equivalents	\$ 26,224
Liabilities	0
Net Assets	
Restricted for scholarships	\$ 26,224

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 384
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	3,450
Change in net assets	(3,066)
Net assets beginning of year	29,290
Net assets end of year	\$ 26,224

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(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. Combining schedules are also included for the Capital Project Fund accounts.

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 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.

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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

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, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

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, fund balances are classified as follows:

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

Unassigned - All amounts not included in other spendable classifications.

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, 2011 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, 2011 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$108,301 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, 2011 is as follows:

Transfer to	Transfer from	Amount
	Capital Projects: Physical Plant and	
Debt Service	Equipment Levy	<u>\$ 323,995</u>

The Capital Projects: 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, 2011 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	<u>76,000</u>	<u>0</u>	<u>0</u>	<u>76,000</u>
Capital assets being depreciated:				
Buildings	10,753,865	0	0	10,753,865
Land improvements	806,906	0	0	806,906
Machinery and equipment	1,428,848	165,334	6,249	1,587,933
Total capital assets being depreciated	<u>12,989,619</u>	<u>165,334</u>	<u>6,249</u>	<u>13,148,704</u>
Less accumulated depreciation for:				
Buildings	3,582,741	216,711	0	3,799,452
Land improvements	624,334	18,319	0	642,653
Machinery and equipment	927,787	245,223	6,249	1,166,761
Total accumulated depreciation	<u>5,134,862</u>	<u>480,253</u>	<u>6,249</u>	<u>5,608,866</u>
Total capital assets being depreciated, net	<u>7,854,757</u>	<u>(314,919)</u>	<u>0</u>	<u>7,539,838</u>
Governmental activities capital assets, net	<u>\$ 7,930,757</u>	<u>(314,919)</u>	<u>0</u>	<u>7,615,838</u>

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Machinery and equipment	\$ 151,200	5,193	5,087	151,306
Less accumulated depreciation	144,935	2,066	3,836	143,165
Business type activities capital assets, net	\$ 6,265	3,127	1,251	8,141

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 108,010
Other		4,630
Support services:		
Instructional		11,316
Administration		2,974
Operation and maintenance of plant		5,404
Transportation		112,889
		<u>245,223</u>
Unallocated depreciation		<u>235,030</u>
Total governmental activities depreciation expense		<u>\$ 480,253</u>
Business type activities:		
Food services		<u>\$ 2,066</u>

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Capital Loan Notes	\$ 310,000	0	310,000	0	0
Net OPEB liability	15,116	9,008	0	24,124	0
Total	<u>\$ 325,116</u>	<u>9,008</u>	<u>310,000</u>	<u>24,124</u>	<u>0</u>
Business Type Activities:					
Net OPEB liability	\$ 669	399	0	1,068	0

(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 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$264,993, \$254,788, and \$240,659, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits

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, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 19,367
Interest on net OPEB obligation	395
Adjustment to annual required contribution	(2,290)
Annual OPEB cost	<u>17,472</u>
Contributions made	(8,065)
Increase in net OPEB obligation	<u>9,407</u>
Net OPEB obligation beginning of year	<u>15,785</u>
Net OPEB obligation end of year	<u><u>\$ 25,192</u></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, 2011.

For the year ended June 30, 2011, the District contributed \$8,065 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, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 27,617	42.84%	\$ 15,785
2011	17,472	46.16%	25,192

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, 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 \$1,988,253, and the ratio of the UAAL to covered payroll was 10.92%. As of June 30, 2011 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, 2011 were \$392,530.

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 \$241,413 for the year ended June 30, 2011 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, 2011 are broken out by the following projects:

Project	Amount
Talented and gifted	\$ 2,214
Beginning teacher mentoring	543
Salary improvement program	22,079
Statewide voluntary preschool	34,153
Professional development	40,494
Market factor incentives	4,041
Total	<u>\$ 103,524</u>

(11) Deficit Unassigned Fund Balance

At June 30, 2011, the District had a deficit unassigned fund balance in the Student Activity Fund of \$8,822.

(12) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June, 30, 2011. The effect of fund type reclassifications is as follows:

	<u>Capital Projects</u>	<u>Special Revenue, Physical Plant and Equipment Levy</u>
Balances June 30, 2010 as previously reported	\$ 989,226	168,119
Changes in fund type classification per implementation of GASB Statement No. 54	168,119	(168,119)
Balances July 1, 2010, as restated	<u>\$ 1,157,345</u>	<u>0</u>

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, 2011

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 4,709,697	142,879	4,852,576	5,158,581	5,158,581	(306,005)
State sources	2,421,006	2,847	2,423,853	2,767,471	2,767,471	(343,618)
Federal sources	395,297	151,481	546,778	357,773	357,773	189,005
Total revenues	<u>7,526,000</u>	<u>297,207</u>	<u>7,823,207</u>	<u>8,283,825</u>	<u>8,283,825</u>	<u>(460,618)</u>
Expenditures/Expenses:						
Instruction	4,621,493	0	4,621,493	5,039,486	5,039,486	417,993
Support services	2,249,948	0	2,249,948	2,484,995	2,484,995	235,047
Non-instructional programs	29,528	285,041	314,569	369,729	369,729	55,160
Other expenditures	831,471	0	831,471	1,728,352	1,728,352	896,881
Total expenditures/expenses	<u>7,732,440</u>	<u>285,041</u>	<u>8,017,481</u>	<u>9,622,562</u>	<u>9,622,562</u>	<u>1,605,081</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	(206,440)	12,166	(194,274)	(1,338,737)	(1,338,737)	1,144,463
Other financing sources, net	<u>1,263</u>	<u>0</u>	<u>1,263</u>	<u>3</u>	<u>3</u>	<u>1,260</u>
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	(205,177)	12,166	(193,011)	(1,338,734)	(1,338,734)	1,145,723
Balance beginning of year	<u>2,041,061</u>	<u>81,802</u>	<u>2,122,863</u>	<u>2,526,992</u>	<u>2,526,992</u>	<u>(404,129)</u>
Balance end of year	<u>\$ 1,835,884</u>	<u>93,968</u>	<u>1,929,852</u>	<u>1,188,258</u>	<u>1,188,258</u>	<u>741,594</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2011

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)	UAAAL 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%
2011	July 1, 2009	0	217,110	217,110	0.00%	1,988,253	10.92%

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.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

OTHER SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Special Revenue		Total		Total
	Manage-	Student	Special	Debt	Nonmajor
	ment	Activity	Revenue	Service	Governmental
	Levy		Funds		Funds
Assets					
Cash and cash equivalents	\$ 252,231	36,738	288,969	276,347	565,316
Receivables:					
Property tax:					
Delinquent	604	0	604	0	604
Succeeding year	165,500	0	165,500	0	165,500
Accounts	0	13,242	13,242	0	13,242
Total assets	\$ 418,335	49,980	468,315	276,347	744,662
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 0	6,326	6,326	0	6,326
Salaries and benefits payable	120,998	0	120,998	0	120,998
Deferred revenue:					
Succeeding year property tax	165,500	0	165,500	0	165,500
Total liabilities	286,498	6,326	292,824	0	292,824
Fund balances:					
Restricted for:					
Management levy purposes	131,837	0	131,837	0	131,837
Student activities	0	52,476	52,476	0	52,476
Debt service	0	0	0	276,347	276,347
Unassigned	0	(8,822)	(8,822)	0	(8,822)
Total fund balances	131,837	43,654	175,491	276,347	451,838
Total liabilities and fund balances	\$ 418,335	49,980	468,315	276,347	744,662

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, 2011

	Special Revenue			Debt Service	Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Total Special Revenue		
Revenues:					
Local sources:					
Local tax	\$ 82,365	0	0	0	82,365
Other	10,002	442,662	0	743	453,407
Total revenues	92,367	442,662	0	743	535,772
Expenditures:					
Current:					
Instruction:					
Regular	128,349	0	128,349	0	128,349
Other	0	461,491	461,491	0	461,491
Support services:					
Student	1,456	0	1,456	0	1,456
Instructional staff	485	0	485	0	485
Administration	17,452	0	17,452	450	17,902
Operation and maintenance of plant	46,445	0	46,445	0	46,445
Transportation	17,844	0	17,844	0	17,844
Non-instructional programs:					
Food service operations	29,528	0	29,528	0	29,528
Other expenditures:					
Long-term debt:					
Principal	0	0	0	310,000	310,000
Interest and fiscal charges	0	0	0	13,795	13,795
Total expenditures	241,559	461,491	703,050	324,245	1,027,295
Deficiency of revenues under expenditures	(149,192)	(18,829)	(168,021)	(323,502)	(491,523)
Other financing sources:					
Transfer in	0	0	0	323,995	323,995
Net change in fund balance	(149,192)	(18,829)	(168,021)	493	(167,528)
Fund balance beginning of year, as restated	281,029	62,483	343,512	275,854	619,366
Fund balance end of year	\$ 131,837	43,654	175,491	276,347	451,838

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Assets			
Cash and cash equivalents	\$ 829,282	248,879	1,078,161
Receivables:			
Property tax:			
Delinquent	0	2,986	2,986
Succeeding year	0	87,381	87,381
Due from other governments	75,231	0	75,231
Total assets	\$ 904,513	339,246	1,243,759
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 104,869	0	104,869
Deferred revenue:			
Succeeding year property tax	0	87,381	87,381
Total liabilities	104,869	87,381	192,250
Fund balances:			
Restricted for:			
School infrastructure	799,644	0	799,644
Physical plant and equipment	0	251,865	251,865
Total fund balances	799,644	251,865	1,051,509
Total liabilities and fund balances	\$ 904,513	339,246	1,243,759

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 CAPITAL PROJECT ACCOUNTS
 YEAR ENDED JUNE 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 428,984	407,177	836,161
Other	3,066	564	3,630
State sources	23,187	0	23,187
Total revenues	<u>455,237</u>	<u>407,741</u>	<u>862,978</u>
Expenditures:			
Current:			
Instruction:			
Regular	6,230	0	6,230
Other	12,271	0	12,271
Support services:			
Instructional staff	262,617	0	262,617
Transportation	97,438	0	97,438
Other expenditures:			
Facilities acquisitions	266,263	0	266,263
Total expenditures	<u>644,819</u>	<u>0</u>	<u>644,819</u>
Excess(Deficiency) of revenues over(under) expenditures	(189,582)	407,741	218,159
Other financing uses:			
Transfer out	0	(323,995)	(323,995)
Net change in fund balance	(189,582)	83,746	(105,836)
Fund balance beginning of year, as restated	989,226	168,119	1,157,345
Fund balance end of year	<u>\$ 799,644</u>	<u>251,865</u>	<u>1,051,509</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2011

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Miscellaneous Student Activity	\$ 521	593	0	(801)	313
Concession Stand	210	26,107	25,727	0	590
Elementary Band	164	567	731	0	0
Elem. Student Affairs	0	2,320	1,578	0	742
Elem. Student Council	787	0	0	0	787
Plays	552	1,100	1,567	0	85
Musical	5	0	0	0	5
Madrigal	355	4,264	3,230	(1,388)	1
Music Boosters	1,573	4,128	3,075	(1,471)	1,155
Vocal Music	1,754	85,570	106,192	19,026	158
Rebelaires	1,579	45,316	45,412	(1,459)	24
Show Choir Invitational	515	57,578	57,106	(987)	0
Instrumental Music	1	1,485	780	(169)	537
Cross Country	0	1,382	1,382	0	0
Boy's Basketball	0	12,993	17,847	3,036	(1,818)
Football	1,074	16,598	20,930	3,260	2
Baseball	1	3,477	5,176	0	(1,698)
Boy's Track	11	2,304	4,724	2,000	(409)
Boy's Golf	0	218	160	0	58
Wrestling	1	4,774	4,761	0	14
Girl's Basketball	955	7,210	11,928	2,000	(1,763)
Volleyball	1,952	5,320	6,491	0	781
Softball	2	6,148	7,063	0	(913)
Girl's Track	32	1,877	5,067	2,000	(1,158)
Girl's Golf	54	0	0	0	54
Spanish Club	91	418	219	0	290
Student Affairs	101	2,497	729	(1,000)	869
Annual	5,425	7,017	4,587	0	7,855
National Honor Society	964	3,473	3,290	0	1,147
Quiz Bowl	254	136	250	0	140
Future Problem Solving	1,191	2,352	1,890	0	1,653
Weight Room	16	0	0	0	16
FFA	4,149	33,489	36,460	0	1,178
FFA Trust	2,941	24	0	0	2,965
FHA	12	0	0	0	12
Media Club	146	0	0	0	146
Athletic Boosters	26,980	53,785	43,904	(20,790)	16,071
Season Passes	2	6,517	3,208	(3,215)	96
Class of 2010	240	91	0	0	331
Class of 2011	0	1,930	1,292	0	638
Class of 2012	0	11,860	9,112	378	3,126
HS Student Council	0	7,952	7,569	0	383
Football Cheerleaders	551	636	413	(120)	654
Basketball Cheerleaders	208	1,464	2,015	800	457
Wrestling Cheerleading	0	1,444	3,407	900	(1,063)
Drill Team	4,527	7,575	5,715	0	6,387
After Prom Party	2,587	8,673	6,504	(2,000)	2,756
Total	\$ 62,483	442,662	461,491	0	43,654

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2011

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
Assets						
Cash and cash equivalents	\$ 1,250	7,246	10,145	6,557	1,026	26,224
Liabilities						
	0	0	0	0	0	0
Net Assets						
Restricted for scholarships	\$ 1,250	7,246	10,145	6,557	1,026	26,224

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, 2011

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
Additions:						
Local sources:						
Interest	\$ 57	117	66	120	24	384
Deductions:						
Instruction:						
Regular:						
Scholarships awarded	1,000	250	2,000	0	200	3,450
Changes in net assets	(943)	(133)	(1,934)	120	(176)	(3,066)
Net assets beginning of year	2,193	7,379	12,079	6,437	1,202	29,290
Net assets end of year	\$ 1,250	7,246	10,145	6,557	1,026	26,224

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 EIGHT YEARS

	Modified Accrual Basis							
	Years Ended June 30,							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 3,881,232	3,850,511	3,750,250	3,705,710	3,526,683	3,578,906	3,852,725	3,694,553
Tuition	297,127	323,864	341,478	393,580	364,395	340,776	247,314	303,419
Other	531,338	510,137	455,024	495,463	594,561	493,369	387,476	454,843
State sources	2,421,006	2,041,549	2,644,314	2,567,230	2,465,643	2,437,384	2,220,110	2,235,401
Federal sources	395,297	570,494	261,481	168,332	160,736	146,837	148,300	173,376
Total	<u>\$ 7,526,000</u>	<u>7,296,555</u>	<u>7,452,547</u>	<u>7,330,315</u>	<u>7,112,018</u>	<u>6,997,272</u>	<u>6,855,925</u>	<u>6,861,592</u>
Expenditures:								
Instruction:								
Regular	\$ 2,542,032	2,519,441	2,697,194	2,536,812	2,452,479	2,400,031	2,254,595	2,299,687
Special	872,333	862,623	867,594	803,722	696,062	767,795	717,390	795,993
Other	1,207,128	1,063,626	960,146	810,222	713,209	694,697	681,518	539,839
Support services:								
Student	113,895	147,755	186,623	166,320	153,284	145,840	144,734	137,146
Instructional staff	378,051	193,461	262,731	177,049	172,518	193,769	123,536	97,427
Administration	690,395	684,436	798,100	690,337	682,910	598,678	580,160	570,496
Operation and maintenance of plant	417,089	445,862	452,660	420,190	397,535	354,575	368,832	355,605
Transportation	650,518	524,309	607,830	544,307	493,383	489,195	436,236	454,468
Non-instructional programs	29,528	1,337	3,258	4,846	824	757	737	704
Other expenditures:								
Facilities acquisitions	266,263	352,182	192,426	293,855	230,744	208,371	96,863	145,996
Long-term debt:								
Principal	310,000	295,000	610,000	575,000	550,000	845,000	1,015,000	965,000
Interest and fiscal charges	13,795	26,628	46,344	72,200	97,233	132,265	178,252	218,792
AEA flow-through	241,413	240,805	221,081	208,238	203,337	190,338	189,051	193,525
Total	<u>\$ 7,732,440</u>	<u>7,357,465</u>	<u>7,905,987</u>	<u>7,303,098</u>	<u>6,843,518</u>	<u>7,021,311</u>	<u>6,786,904</u>	<u>6,774,678</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 20, 2012. 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, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be a significant deficiency.

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 I of the accompanying Schedule of Findings as item I-A-11 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 in internal control described in Part I of the accompanying Schedule of Findings as item I-B-11 to be a significant deficiency.

Members American Institute & Iowa Society of Certified Public Accountants

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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 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. 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 20, 2012

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-11 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.

I-B-11 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

Recommendation - In compliance with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches, and determine that the wage paid is in compliance with minimum wage requirements as well as any overtime issues.

Response - We will work with the Athletic Director to collect hours worked for non-certified staff coaches.

Conclusion - Response accepted.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2011

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-11 Certified Budget - District disbursements for the year ended June 30, 2011 did not exceed the certified budget amounts.
- II-B-11 Questionable Disbursements - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-11 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.
- II-D-11 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-11 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.
- II-F-11 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-11 Certified Enrollment - No variances in the basic enrollment data certified to the Department of Education were noted.
- II-H-11 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-11 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-J-11 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.
- II-K-11 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-11 Statewide Sales, Services and Use Tax - No instances of non-compliance noted 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. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	989,226
Revenues/transfers in:			
Sales tax revenues	\$	428,984	
Other local revenues		3,066	
School infrastructure supplemental amount		23,187	455,237
			<u>1,444,463</u>
Expenditures/transfers out:			
School infrastructure	\$	82,119	
Equipment		355,661	
Other		207,039	644,819
			<u>644,819</u>
Ending balance		\$	<u>799,644</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

II-M-11 Checks Outstanding - We noted during our audit that the District had checks included in the General Fund and Nutrition Fund bank reconciliations 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 send letters to those outstanding and handle responses accordingly.

Conclusion - Response accepted.

II-N-11 Deficit Balances - The Student Activity Fund had seven individual accounts with deficit balances totaling \$8,822 at June 30, 2011.

Recommendation - The District should continue to monitor these funds and investigate alternatives to eliminate the deficits.

Response - We will continue to monitor these funds and work on getting them back to a positive balance.

Conclusion - Response accepted.