

WESTWOOD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
JUNE 30, 2012

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Westwood Community School District

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
<b>(Before September 2011 Election)</b>		
Rob Copple	President	2011
Cathy Wilt	Vice President	2011
Marty Choquette	Board Member	2013
Roxie Ullrich	Board Member	2011
Diana Nordstrom	Board Member	2013
<b>(After September 2011 Election)</b>		
Rob Copple	President	2015
Cathy Wilt	Vice President	2015
Marty Choquette	Board Member	2013
Roxie Ullrich	Board Member	2015
Diana Nordstrom	Board Member - Leave of Absence (September 2011)	2013
Brenda Hinrickson	Board Member - Interim Appointment (September 2011 - June 2012)	2012
<b>School Officials</b>		
Kirk Ahrends	Superintendent	2012
Jill Sponder	District Secretary/ Treasurer	2012
Ahlers & Cooney, P.C.	Attorney	2012

**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, 2012, 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, 2012, 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 January 30, 2013, 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the

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

Our audit was conducted for the purpose of forming opinions 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 eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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 is the responsibility of the management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



NOLTE, CORNMAN & JOHNSON, P.C.

January 30, 2013

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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, 2012. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### **2012 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$6,128,513 in fiscal 2011 to \$6,504,358 in fiscal 2012, while General Fund expenditures decreased from \$6,060,326 in fiscal 2011 to \$6,043,480 in fiscal 2012. This resulted in an increase in the District's total fund balance from \$332,537 in fiscal 2011 to \$793,415 in fiscal 2012, which was a 138.59% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in state source revenues during fiscal 2012. The slight decrease in General Fund expenditures was attributable to a slight decrease in the negotiated salaries paid by the District.
- The District's solvency ratio increased from 3.89% at June 30, 2011 to 10.52% at June 30, 2012.

### **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.

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.

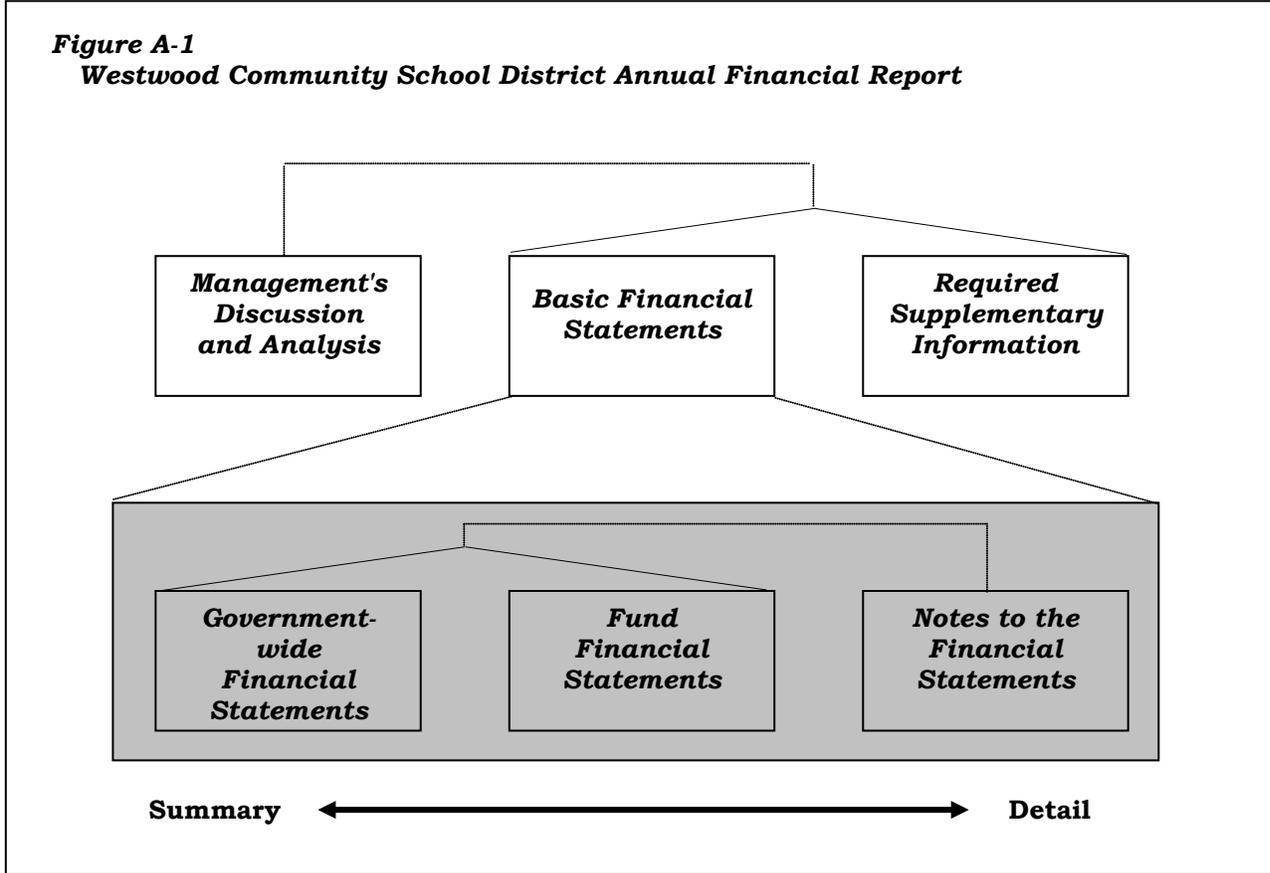


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

<b>Figure A-2 Major Features of the Government-wide and Fund Financial Statements</b>				
	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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic 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.

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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 fund 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, 2012 compared to June 30, 2011.

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,
	2012	2011	2012	2011	2012	2011	2011-12
Current and other assets	\$ 6,101,501	5,582,035	68,429	88,712	6,169,930	5,670,747	8.80%
Capital assets	7,565,411	7,615,838	18,996	8,141	7,584,407	7,623,979	-0.52%
Total assets	13,666,912	13,197,873	87,425	96,853	13,754,337	13,294,726	3.46%
Long-term obligations	35,159	24,124	1,319	1,068	36,478	25,192	44.80%
Other liabilities	4,032,288	3,571,691	598	1,817	4,032,886	3,573,508	12.86%
Total liabilities	4,067,447	3,595,815	1,917	2,885	4,069,364	3,598,700	13.08%
Net assets:							
Invested in capital assets, net of related debt	7,565,411	7,615,838	18,996	8,141	7,584,407	7,623,979	-0.52%
Restricted	1,409,361	1,615,693	0	0	1,409,361	1,615,693	-12.77%
Unrestricted	624,693	370,527	66,512	85,827	691,205	456,354	51.46%
Total net assets	\$ 9,599,465	9,602,058	85,508	93,968	9,684,973	9,696,026	-0.11%

The District's combined net assets decreased by \$11,053, or 0.11% over the prior year. The largest portion of the District's net assets is 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 \$206,332, or 12.77% over the prior year. The decrease in fund balances of the Management Levy Fund was the main factor in the decrease of 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 \$234,851, or 51.46%. 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, 2012 compared to the year ended June 30, 2011.

Figure A-4  
Changes of Net Assets

	Governmental Activities		Business type Activities		Total School District		Total Change
	2012	2011	2012	2011	2012	2011	2011-12
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 748,570	773,370	135,195	135,394	883,765	908,764	-2.75%
Operating grants and contributions and restricted interest	584,047	630,407	168,314	154,328	752,361	784,735	-4.13%
Capital grants and contributions and restricted interest	23,119	0	0	0	23,119	0	200.00%
<b>General revenues:</b>							
Property tax	3,201,956	3,287,653	0	0	3,201,956	3,287,653	-2.61%
Income surtax	150,566	179,914	0	0	150,566	179,914	-16.31%
Statewide sales, services and use tax	451,841	428,984	0	0	451,841	428,984	5.33%
Unrestricted state grants	2,327,238	2,032,051	0	0	2,327,238	2,032,051	14.53%
Nonspecific program federal grants	1,720	174,029	0	0	1,720	174,029	-99.01%
Unrestricted investment earnings	4,062	4,945	10	30	4,072	4,975	-18.15%
Other	97,311	29,966	0	7,455	97,311	37,421	160.04%
<b>Total revenues</b>	<b>7,590,430</b>	<b>7,541,319</b>	<b>303,519</b>	<b>297,207</b>	<b>7,893,949</b>	<b>7,838,526</b>	<b>0.71%</b>
<b>Program expenses:</b>							
<b>Governmental activities:</b>							
Instruction	4,716,774	4,802,595	0	0	4,716,774	4,802,595	-1.79%
Support services	2,421,255	2,383,519	0	0	2,421,255	2,383,519	1.58%
Non-instructional programs	1,558	68,752	311,979	285,041	313,537	353,793	-11.38%
Other expenses	453,436	487,939	0	0	453,436	487,939	-7.07%
<b>Total expenses</b>	<b>7,593,023</b>	<b>7,742,805</b>	<b>311,979</b>	<b>285,041</b>	<b>7,905,002</b>	<b>8,027,846</b>	<b>-1.53%</b>
Change in net assets	(2,593)	(201,486)	(8,460)	12,166	(11,053)	(189,320)	-94.16%
Net assets beginning of year	9,602,058	9,803,544	93,968	81,802	9,696,026	9,885,346	-1.92%
Ending net assets	\$ 9,599,465	9,602,058	85,508	93,968	9,684,973	9,696,026	-0.11%

Property tax, unrestricted state grants, charges for services, and operating grants, contributions, and restricted interest account for 90.7% of the revenue from governmental activities while charges for service and sales and operating grants, contributions, and restricted interest account for 99.99% of the revenue from business type activities.

The District's total revenues were approximately \$7.90 million of which approximately \$7.59 million was for governmental activities and approximately \$0.31 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.71% increase in revenues and a 1.53% decrease in expenses. The increase in revenues can be mainly attributed to the increase in state grant funding. The decrease in expenses can be related to decreases in Instruction and support services.

## Governmental Activities

Total revenues for all of the Districts' governmental activities were \$7,590,430 and expenses were \$7,593,023.

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, 2012 compared to the year ended June 30, 2011.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2012	2011	Change 2011-12	2012	2011	Change 2011-12
Instruction	\$ 4,716,774	4,802,595	-1.79%	3,601,935	3,678,684	-2.09%
Support services	2,421,255	2,383,519	1.58%	2,398,136	2,345,066	2.26%
Non-instructional	1,558	68,752	-97.73%	1,558	68,752	-97.73%
Other expenses	453,436	487,939	-7.07%	235,658	246,526	-4.41%
Totals	<u>\$ 7,593,023</u>	<u>7,742,805</u>	<u>-1.93%</u>	<u>6,237,287</u>	<u>6,339,028</u>	<u>-1.60%</u>

For the year ended June 30, 2012:

- The cost financed by users of the District's programs was \$748,970.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$607,166.
- The net cost of governmental activities was financed with property tax of \$3,201,956, income surtax of \$150,566, statewide sales, services and use tax of \$451,841, unrestricted state grants of \$2,327,238, nonspecific program federal grants of \$1,720, interest income of \$4,062 and other general revenues of \$97,311.

## Business type Activities

Revenues for business type activities were \$303,519 and expenses were \$311,979. 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 \$1,904,632, an increase of \$68,748 from last year's ending fund balance of \$1,835,884.

## Governmental Fund Highlights

- The District's increase in General Fund financial position from \$332,537 to \$793,415 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 negotiated salaries. 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 \$1,051,509 in fiscal 2011 to \$926,342 in fiscal 2012. This decrease was attributable to the District's expenditures exceeding their revenues.
- The Management Levy Fund decreased from \$131,837 in fiscal 2011 to a negative balance of (\$165,906) in fiscal 2012. The decrease is attributable to more expenditures than revenues received.

### Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$93,968 in fiscal 2011 to \$85,508 in fiscal 2012, representing a decrease of 9.00%.

### BUDGETARY HIGHLIGHTS

The District's receipts were \$63,674 less than budgeted receipts, a variance of 0.80%. The District received less in local 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, 2012, the District had invested \$7,584,407, 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 3 to the financial statements. Depreciation expense for the year was \$301,806.

The original cost of the District's capital assets was approximately \$13.48 million. Governmental funds account for approximately \$13.31 million, with the remainder of approximately \$0.17 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 \$594,021 at June 30, 2012, compared to \$429,313 reported at June 30, 2011. This increase is attributable to the addition of \$217,101 of Governmental Activity assets.

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,
	2012	2011	2012	2011	2012	2011	2011-12
Land	\$ 76,000	76,000	0	0	76,000	76,000	0.00%
Buildings	6,768,453	6,954,413	0	0	6,768,453	6,954,413	-2.67%
Land improvements	145,933	164,253	0	0	145,933	164,253	-11.15%
Machinery and equipment	575,025	421,172	18,996	8,141	594,021	429,313	38.37%
Total	\$ 7,565,411	7,615,838	18,996	8,141	7,584,407	7,623,979	-0.52%

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## Long-Term Debt

At June 30, 2012, the District had \$36,478 in long-term debt outstanding. This represents an increase of 44.80% from last year. (See Figure A-7 Additional information about the District's long-term debt is presented in Note 4 to the financial statements.

The District had a net OPEB liability of \$31,109; \$29,790 in the governmental activities and \$1,319 in the business type activities.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	2011-12
Net OPEB obligation	29,790	24,124	1,319	1,068	31,109	25,192	23.49%
Compensated Absences	5,369	0	0	0	5,369	0	-
Total	\$ 35,159	24,124	1,319	1,068	36,478	25,192	44.80%

## 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, 2012, the IPERS increase to 8.67% will increase the Westwood Community Schools employer benefits costs during fiscal 2013. An additional increase to 8.93% is anticipated for FY14.
- The requirements contained within the Affordable Health Care Act may potentially impact the District's future employee benefit costs.

## 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, 2012

	Governmental Activities	Business type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 2,056,891	53,413	2,110,304
Receivables:			
Property tax:			
Delinquent	22,309	0	22,309
Succeeding year	3,458,283	0	3,458,283
Income surtax	164,581	0	164,581
Accounts	60,594	145	60,739
Due from other governments	338,843	0	338,843
Inventories	0	14,871	14,871
Capital assets, net of accumulated depreciation	7,565,411	18,996	7,584,407
<b>Total assets</b>	<b>13,666,912</b>	<b>87,425</b>	<b>13,754,337</b>
<b>Liabilities</b>			
Accounts payable	163,874	598	164,472
Salaries and benefits payable	408,817	0	408,817
Deferred revenue:			
Succeeding year property tax	3,458,283	0	3,458,283
Other	1,314	0	1,314
Long-term liabilities:			
Portion due within one year:			
Compensated Absences	5,369	0	5,369
Portion due after one year:			
Net OPEB liability	29,790	1,319	31,109
<b>Total liabilities</b>	<b>4,067,447</b>	<b>1,917</b>	<b>4,069,364</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	7,565,411	18,996	7,584,407
Restricted for:			
Categorical funding	132,238	0	132,238
School infrastructure	746,044	0	746,044
Physical plant and equipment	180,298	0	180,298
Student activities	73,759	0	73,759
Debt service	277,022	0	277,022
Unrestricted	624,693	66,512	691,205
<b>Total net assets</b>	<b>\$ 9,599,465</b>	<b>85,508</b>	<b>9,684,973</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
		Services	Interest	Interest			
<b>Functions/Programs:</b>							
Governmental activities:							
Instruction:							
Regular	\$ 2,704,245	245,392	49,994	0	(2,408,859)	0	(2,408,859)
Special	930,126	157,614	111,351	0	(661,161)	0	(661,161)
Other	1,082,403	345,564	204,924	0	(531,915)	0	(531,915)
	<u>4,716,774</u>	<u>748,570</u>	<u>366,269</u>	<u>0</u>	<u>(3,601,935)</u>	<u>0</u>	<u>(3,601,935)</u>
Support services:							
Student	115,157	0	0	0	(115,157)	0	(115,157)
Instructional staff	284,511	0	0	0	(284,511)	0	(284,511)
Administration	839,542	0	0	0	(839,542)	0	(839,542)
Operation and maintenance of plant	582,186	0	0	23,119	(559,067)	0	(559,067)
Transportation	599,859	0	0	0	(599,859)	0	(599,859)
	<u>2,421,255</u>	<u>0</u>	<u>0</u>	<u>23,119</u>	<u>(2,398,136)</u>	<u>0</u>	<u>(2,398,136)</u>
Non-instructional programs:							
Food service operations	1,558	0	0	0	(1,558)		(1,558)
Other expenses:							
AEA flowthrough	217,778	0	217,778	0	0	0	0
Depreciation(unallocated)*	235,658	0	0	0	(235,658)	0	(235,658)
	<u>453,436</u>	<u>0</u>	<u>217,778</u>	<u>0</u>	<u>(235,658)</u>	<u>0</u>	<u>(235,658)</u>
Total governmental activities	7,593,023	748,570	584,047	23,119	(6,237,287)	0	(6,237,287)
Business type activities:							
Non-instructional programs:							
Nutrition services	311,979	135,195	168,314	0	0	(8,470)	(8,470)
Total business type activities	<u>311,979</u>	<u>135,195</u>	<u>168,314</u>	<u>0</u>	<u>0</u>	<u>(8,470)</u>	<u>(8,470)</u>
Total	\$ 7,905,002	883,765	752,361	23,119	(6,237,287)	(8,470)	(6,245,757)
<b>General Revenues:</b>							
Property tax levied for:							
General purposes					\$ 3,113,869	0	3,113,869
Capital outlay					88,087	0	88,087
Income surtax					150,566	0	150,566
Statewide sales, services and use tax					451,841	0	451,841
Unrestricted state grants					2,327,238	0	2,327,238
Nonspecific program federal grants					1,720	0	1,720
Unrestricted investment earnings					4,062	10	4,072
Other					97,311	0	97,311
Total general revenues					<u>6,234,694</u>	<u>10</u>	<u>6,234,704</u>
Change in net assets					(2,593)	(8,460)	(11,053)
Net assets beginning of year					9,602,058	93,968	9,696,026
Net assets end of year					<u>\$ 9,599,465</u>	<u>85,508</u>	<u>9,684,973</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, 2012

	General	Manage- ment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 606,525	178,902	916,005	355,459	2,056,891
Receivables:					
Property tax:					
Delinquent	20,533	1,162	614	0	22,309
Succeeding year	2,953,958	411,539	92,786	0	3,458,283
Income surtax	164,581	0	0	0	164,581
Accounts	59,378	0	0	1,216	60,594
Due from other governments	262,006	0	76,837	0	338,843
<b>Total assets</b>	<b>\$ 4,066,981</b>	<b>591,603</b>	<b>1,086,242</b>	<b>356,675</b>	<b>6,101,501</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 90,866	0	67,114	5,894	163,874
Salaries and benefits payable	62,847	345,970	0	0	408,817
Deferred revenue:					
Succeeding year property tax	2,953,958	411,539	92,786	0	3,458,283
Income surtax	164,581	0	0	0	164,581
Other	1,314	0	0	0	1,314
Total liabilities	3,273,566	757,509	159,900	5,894	4,196,869
Fund balances:					
Restricted for:					
Categorical funding	132,238	0	0	0	132,238
School infrastructure	0	0	746,044	0	746,044
Physical plant and equipment	0	0	180,298	0	180,298
Student activities	0	0	0	73,759	73,759
Debt service	0	0	0	277,022	277,022
Unassigned:					
General	661,177	0	0	0	661,177
Management levy purposes	0	(165,906)	0	0	(165,906)
Total fund balances	793,415	(165,906)	926,342	350,781	1,904,632
<b>Total liabilities and fund balances</b>	<b>\$ 4,066,981</b>	<b>591,603</b>	<b>1,086,242</b>	<b>356,675</b>	<b>6,101,501</b>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2012

<b>Total fund balances of governmental funds(page 20)</b>	\$	1,904,632
 <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.		7,565,411
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		164,581
Long-term liabilities, including other postemployment benefits and compensated absences are not due and payable in the current period, therefore, are not reported in the governmental funds.		(35,159)
		<hr style="border-top: 1px solid black;"/>
<b>Net assets of governmental activities(page 18)</b>	<b>\$</b>	<b><u><u>9,599,465</u></u></b>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	General	Manage- ment Levy	Capital Projects	Other Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Local sources:					
Local tax	\$ 3,107,477	166,837	539,928	0	3,814,242
Tuition	376,303	0	0	0	376,303
Other	128,622	10,126	2,815	359,075	500,638
State sources	2,644,298	0	23,119	0	2,667,417
Federal sources	241,709	0	0	0	241,709
Total revenues	6,498,409	176,963	565,862	359,075	7,600,309
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	2,378,459	263,722	27,894	0	2,670,075
Special	929,163	0	0	0	929,163
Other	765,573	0	38,346	328,163	1,132,082
	4,073,195	263,722	66,240	328,163	4,731,320
Support services:					
Student	113,434	1,558	0	0	114,992
Instructional staff	110,433	520	173,485	0	284,438
Administration	697,797	138,542	0	132	836,471
Operation and maintenance of plant	311,921	48,555	0	0	360,476
Transportation	518,922	20,251	198,272	0	737,445
	1,752,507	209,426	371,757	132	2,333,822
Non-instructional programs:					
Food service operations	0	1,558	0	0	1,558
Capital Outlay	0	0	253,032	0	253,032
Other expenditures:					
AEA flowthrough	217,778	0	0	0	217,778
	217,778	0	253,032	0	470,810
Total expenditures	6,043,480	474,706	691,029	328,295	7,537,510
Excess(Deficiency) of revenues over(under) expenditures	454,929	(297,743)	(125,167)	30,780	62,799
Other financing sources:					
Sale of equipment	5,949	0	0	0	5,949
Net change in fund balances	460,878	(297,743)	(125,167)	30,780	68,748
Fund balance beginning of year	332,537	131,837	1,051,509	320,001	1,835,884
Fund balance end of year	\$ 793,415	(165,906)	926,342	350,781	1,904,632

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, 2012

Net change in fund balances - total governmental funds(page 22) \$ 68,748

**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	\$ 248,479	
Depreciation expense	<u>(298,906)</u>	(50,427)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds. (9,879)

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	(5,666)	
Compensated Absences	<u>(5,369)</u>	<u>(11,035)</u>

Changes in net assets of governmental activities(page 19) \$ (2,593)

WESTWOOD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012

	School Nutrition
<b>Assets</b>	
Cash and cash equivalents	\$ 53,413
Accounts receivable	145
Inventories	14,871
Capital assets, net of accumulated depreciation	18,996
<b>Total assets</b>	<b>87,425</b>
 <b>Liabilities</b>	
Accounts payable	598
Net OPEB liability	1,319
<b>Total liabilities</b>	<b>1,917</b>
 <b>Net assets</b>	
Invested in capital assets	18,996
Unrestricted	66,512
<b>Total net assets</b>	<b>\$ 85,508</b>

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, 2012

	School Nutrition
Operating revenues:	
Local sources:	
Charges for services	\$ 135,195
Total operating revenues	135,195
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	111,964
Benefits	47,623
Services	3,298
Supplies	146,194
Depreciation	2,900
Total operating expenses	311,979
Operating loss	(176,784)
Non-operating revenues(expenses):	
State sources	2,914
Federal sources	151,645
Capital Contribution	13,755
Interest on investments	10
Total non-operating revenues(expenses)	168,324
Change in net assets	(8,460)
Net assets beginning of year	93,968
Net assets end of year	\$ 85,508

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2012

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 135,147
Cash payments to employees for services	(160,006)
Cash payments to suppliers for goods or services	(126,523)
Net cash used in operating activities	(151,382)
Cash flows from non-capital financing activities:	
State grants received	2,914
Federal grants received	125,176
Net cash provided by non-capital financing activities	128,090
Cash flows from investing activities:	
Interest on investments	10
Net increase in cash and cash equivalents	(23,282)
Cash and cash equivalents at beginning of year	76,695
Cash and cash equivalents at end of year	\$ 53,413
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (176,784)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	26,469
Depreciation	2,900
Increase in inventories	(2,951)
Increase in accounts receivable	(48)
Decrease in accounts payable	(549)
Decrease in salaries and benefits payable	(670)
Increase in other postemployment benefits	251
Net cash used in operating activities	\$ (151,382)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2012, the District received  
Federal commodities valued at \$26,469.

During the year ended June 30, 2012, the District received  
contribution valued at \$13,755 from the Capital Projects: Statewide  
Sales Services and Use Tax Fund.

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

	Private Purpose Trust
	Scholarship
<b>Assets</b>	
Cash and cash equivalents	\$ 25,039
<b>Liabilities</b>	0
<b>Net Assets</b>	
Restricted for scholarships	\$ 25,039

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2012

	Private Purpose Trust	Scholarship
Additions:		
Local sources:		
Interest	\$	265
Deductions:		
Instruction:		
Regular:		
Scholarships awarded		1,450
Change in net assets		(1,185)
Net assets beginning of year		26,224
Net assets end of year	\$	25,039

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**(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 non-fiduciary activities of the District. For the most part, the effect of inter-fund 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 non-fiduciary 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 non-major 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 and other capital assets.

The Special Revenue: Management Fund is utilized to account for the payment of property insurance and early retirement benefits.

The District reports the following non-major proprietary fund:

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

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, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2011.

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, 2012 the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$101,877 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa School Joint Investment Trust was rated AAA by Standard & Poor's Financial Services.

**(3) Capital Assets**

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 76,000	0	0	76,000
Total capital assets not being depreciated	76,000	0	0	76,000
Capital assets being depreciated:				
Buildings	10,753,865	31,378	0	10,785,243
Land improvements	806,906	0	0	806,906
Machinery and equipment	1,587,933	217,101	160,971	1,644,063
Total capital assets being depreciated	13,148,704	248,479	160,971	13,236,212
Less accumulated depreciation for:				
Buildings	3,799,452	217,339	0	4,016,791
Land improvements	642,653	18,319	0	660,972
Machinery and equipment	1,166,761	63,248	160,971	1,069,038
Total accumulated depreciation	5,608,866	298,906	160,971	5,746,801
Total capital assets being depreciated, net	7,539,838	(50,427)	0	7,489,411
Governmental activities capital assets, net	\$ 7,615,838	(50,427)	0	7,565,411

	Balance			Balance
	Beginning			End
	Of Year	Increases	Decreases	of Year
Business type activities:				
Machinery and equipment	\$ 151,306	13,755	0	165,061
Less accumulated depreciation	143,165	2,900	0	146,065
Business type activities capital assets, net	\$ 8,141	10,855	0	18,996

Depreciation expense was charged by the District as follows:

Governmental activities:			
Instruction:			
Regular			\$ 3,284
Other			2,350
Support services:			
Administration			1,155
Operation and maintenance of plant			2,806
Transportation			53,653
			<u>63,248</u>
Unallocated depreciation			<u>235,658</u>
			<u>\$ 298,906</u>
Business type activities:			
Food services			<u>\$ 2,900</u>

#### (4) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2012 are summarized as follows:

	Balance			Balance	Due
	Beginning			End	Within
	of Year	Additions	Reductions	of Year	One Year
Governmental Activities:					
Net OPEB liability	24,124	5,666	0	29,790	0
Compensated Absences:	0	5,369	0	5,369	5,369
Total	\$ 24,124	11,035	0	35,159	5,369
Business Type Activities:					
Net OPEB liability	\$ 1,068	251	0	1,319	0

#### (5) Pension and Retirement Benefits

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

Plan members are required to contribute 5.38% of their annual covered salary and the District is required to contribute 8.07% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$304,407, \$264,993, and \$254,788, respectively, equal to the required contributions for each year.

**(6) 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, 2012, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 20,555
Interest on net OPEB obligation	368
Adjustment to annual required contribution	(12,186)
Annual OPEB cost	<u>8,737</u>
Contributions made	<u>(280)</u>
Increase in net OPEB obligation	5,917
Net OPEB obligation beginning of year	<u>25,192</u>
Net OPEB obligation end of year	<u><u>\$ 31,109</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, 2012.

For the year ended June 30, 2012, the District contributed \$280 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, 2012 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
2012	8,737	3.20%	31,109

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, 2012, the actuarial accrued liability was \$144,726, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$144,726. The covered payroll (annual payroll of active employees covered by the plan) was \$2,058,957, and the ratio of the UAAL to covered payroll was 7.03%. As of June 30, 2012 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.

**(7) 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, 2012 were \$400,492.

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.

**(8) 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 \$217,778 for the year ended June 30, 2012 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(9) Categorical Funding**

The District's restricted fund balance for categorical funding at June 30, 2012 is comprised of the following programs:

<u>Project</u>	<u>Amount</u>
Talented and gifted	\$ 1,825
Teacher salary supplement	20,900
Statewide voluntary preschool	58,821
Professional development	46,651
Market factor incentives	4,041
Total	<u>\$ 132,238</u>

**(10) Deficit Unassigned Fund Balance**

At June 30, 2012, the District had a deficit unassigned fund balance in the Management Levy Fund of \$165,906.

Westwood Community School District

REQUIRED SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND  
 CHANGES IN BALANCES - BUDGET AND ACTUAL -  
 ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 YEAR ENDED JUNE 30, 2012

	Governmental	Proprietary	Total Actual	Budgeted Amounts		Final to Actual Variance
	Fund Types	Fund Type		Original	Final	
	Actual	Actual				
Revenues:						
Local sources	\$ 4,691,183	135,205	4,826,388	4,949,377	4,949,377	(122,989)
State sources	2,667,417	2,914	2,670,331	2,782,277	2,782,277	(111,946)
Federal sources	241,709	151,645	393,354	222,093	222,093	171,261
Total revenues	<u>7,600,309</u>	<u>289,764</u>	<u>7,890,073</u>	<u>7,953,747</u>	<u>7,953,747</u>	<u>(63,674)</u>
Expenditures/Expenses:						
Instruction	4,731,320	0	4,731,320	4,940,264	4,940,264	208,944
Support services	2,333,822	0	2,333,822	2,350,341	2,350,341	16,519
Non-instructional programs	1,558	311,979	313,537	369,866	369,866	56,329
Other expenditures	470,810	0	470,810	1,405,633	1,405,633	934,823
Total expenditures/expenses	<u>7,537,510</u>	<u>311,979</u>	<u>7,849,489</u>	<u>9,066,104</u>	<u>9,066,104</u>	<u>1,216,615</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	62,799	(22,215)	40,584	(1,112,357)	(1,112,357)	1,152,941
Other financing sources, net	5,949	13,755	19,704	0	0	19,704
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	68,748	(8,460)	60,288	(1,112,357)	(1,112,357)	1,172,645
Balance beginning of year	<u>1,835,884</u>	<u>93,968</u>	<u>1,929,852</u>	<u>2,290,308</u>	<u>2,290,308</u>	<u>(360,456)</u>
Balance end of year	<u>\$ 1,904,632</u>	<u>85,508</u>	<u>1,990,140</u>	<u>1,177,951</u>	<u>1,177,951</u>	<u>812,189</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2012

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		Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)			
2010	July 1, 2009	\$ 0	\$ 147,656	\$ 147,656	0.00%	\$ 2,038,885	7.24%
2011	July 1, 2009	0	217,110	217,110	0.00%	1,988,253	10.92%
2012	July 1, 2009	0	217,110	217,110	0.00%	2,058,957	10.54%

See Note 6 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.

SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	Special		
	Revenue:		
	Student	Debt	Total
	Activity	Service	Nonmajor
<b>Assets</b>			
Cash and cash equivalents	\$ 78,437	277,022	355,459
Receivables:			
Accounts	1,216	0	1,216
<b>Total assets</b>	<b>\$ 79,653</b>	<b>277,022</b>	<b>356,675</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 5,894	0	5,894
Total liabilities	5,894	0	5,894
Fund balances:			
Restricted for:			
Student activities	73,759	0	73,759
Debt service	0	277,022	277,022
Total fund balances	73,759	277,022	350,781
<b>Total liabilities and fund balances</b>	<b>\$ 79,653</b>	<b>277,022</b>	<b>356,675</b>

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, 2012

	Special Revenue: Student Activity	Debt Service	Total Nonmajor
Revenues:			
Local sources:			
Other	358,400	675	359,075
Total revenues	<u>358,400</u>	<u>675</u>	<u>359,075</u>
Expenditures:			
Current:			
Instruction:			
Other	328,163	0	328,163
Support services:			
Administration	132	0	132
Total expenditures	<u>328,295</u>	<u>0</u>	<u>328,295</u>
Net change in fund balance	30,105	675	30,780
Fund balance beginning of year	<u>43,654</u>	<u>276,347</u>	<u>320,001</u>
Fund balance end of year	<u>\$ 73,759</u>	<u>277,022</u>	<u>350,781</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECT ACCOUNTS  
 JUNE 30, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 736,321	179,684	916,005
Receivables:			
Property tax:			
Delinquent	0	614	614
Succeeding year	0	92,786	92,786
Due from other governments	76,837	0	76,837
<b>Total assets</b>	<b>\$ 813,158</b>	<b>273,084</b>	<b>1,086,242</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 67,114	0	67,114
Deferred revenue:			
Succeeding year property tax	0	92,786	92,786
Total liabilities	67,114	92,786	159,900
Fund balances:			
Restricted for:			
School infrastructure	746,044	0	746,044
Physical plant and equipment	0	180,298	180,298
Total fund balances	746,044	180,298	926,342
<b>Total liabilities and fund balances</b>	<b>\$ 813,158</b>	<b>273,084</b>	<b>1,086,242</b>

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, 2012

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 451,841	88,087	539,928
Other	2,377	438	2,815
State sources	23,119	0	23,119
Total revenues	<u>477,337</u>	<u>88,525</u>	<u>565,862</u>
Expenditures:			
Current:			
Instruction:			
Regular	27,894	0	27,894
Other	38,346	0	38,346
Support services:			
Instructional staff	173,485	0	173,485
Transportation	38,180	160,092	198,272
Other expenditures:			
Capital outlay	253,032	0	253,032
Total expenditures	<u>530,937</u>	<u>160,092</u>	<u>691,029</u>
Net change in fund balance	(53,600)	(71,567)	(125,167)
Fund balance beginning of year	799,644	251,865	1,051,509
Fund balance end of year	<u>\$ 746,044</u>	<u>180,298</u>	<u>926,342</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, 2012

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Miscellaneous Student Activity	\$ 313	122	0	(400)	35
Concession Stand	590	25,179	26,105	400	64
Elementary Band	0	577	1,189	650	38
Elem. Student Affairs	741	267	258	(150)	600
Elem. Student Council	787	0	0	0	787
Westwood PTO	0	70	0	0	70
Plays	85	0	30	0	55
Musical	5	7,326	3,915	(1,011)	2,405
Madrigal	1	0	0	0	1
Music Boosters	1,155	6,054	3,645	(42)	3,522
Vocal Music	158	32,904	31,192	0	1,870
Rebelaires	24	18,858	21,639	4,011	1,254
Show Choir Invitational	0	53,359	43,448	(3,000)	6,911
Instrumental Music	537	1,825	1,493	(650)	219
Jazz Band	0	4,844	4,048	0	796
Cross Country	0	1,405	1,811	406	0
Boy's Basketball	(1,818)	4,198	5,234	2,854	0
Football	2	12,248	10,475	0	1,775
Baseball	(1,698)	2,144	3,999	3,579	26
Boy's Track	(409)	1,644	1,562	402	75
Boy's Golf	58	196	121	0	133
Wrestling	14	2,920	2,654	0	280
Girl's Basketball	(1,763)	5,932	4,565	396	0
Volleyball	781	3,379	3,208	0	952
Softball	(913)	5,680	5,623	1,058	202
Girl's Track	(1,158)	2,529	2,893	1,585	63
Girl's Golf	54	0	0	0	54
Spanish Club	290	507	286	0	511
Student Affairs	869	545	1,416	150	148
Annual	7,855	5,275	4,647	0	8,483
National Honor Society	1,147	3,531	3,933	0	745
Quiz Bowl	140	285	272	0	153
Future Problem Solving	1,653	962	1,600	0	1,015
Weight Room	16	0	0	0	16
FFA	1,178	43,922	46,312	1,440	228
FFA Trust	2,965	18	1,500	(1,440)	43
FHA	12	0	0	0	12
Media Club	146	0	0	0	146
Athletic Boosters	16,071	55,775	38,924	(4,389)	28,533
Season Passes	96	9,294	1,961	(7,263)	166
Class of 2010	331	0	0	0	331
Class of 2011	638	0	0	0	638
Class of 2012	3,126	2,223	1,447	0	3,902
Class of 2013	0	9,077	7,056	(2,000)	21
HS Student Council	384	12,511	11,752	0	1,143
Football Cheerleaders	654	1,911	2,533	239	271
Basketball Cheerleaders	457	531	999	11	0
Wrestling Cheerleading	(1,063)	0	0	1,064	1
Drill Team	6,387	10,639	15,120	100	2,006
After Prom Party	2,756	7,734	9,430	2,000	3,060
Total	\$ 43,654	358,400	328,295	0	73,759

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS  
 JUNE 30, 2012

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 255	7,054	10,206	6,680	844	25,039
<b>Liabilities</b>						
	0	0	0	0	0	0
<b>Net Assets</b>						
Restricted for scholarships	\$ 255	7,054	10,206	6,680	844	25,039

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, 2012

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
Additions:						
Local sources:						
Interest	\$ 5	58	61	123	18	265
Deductions:						
Instruction:						
Regular:						
Scholarships awarded	1,000	250	0	0	200	1,450
Changes in net assets	(995)	(192)	61	123	(182)	(1,185)
Net assets beginning of year	1,250	7,246	10,145	6,557	1,026	26,224
Net assets end of year	\$ 255	7,054	10,206	6,680	844	25,039

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 NINE YEARS

	Modified Accrual Basis								
	Years Ended June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:									
Local sources:									
Local tax	\$ 3,814,227	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	376,303	297,127	323,864	341,478	393,580	364,395	340,776	247,314	303,419
Other	506,602	531,338	510,137	455,024	495,463	594,561	493,369	387,476	454,843
State sources	2,667,417	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	241,709	395,297	570,494	261,481	168,332	160,736	146,837	148,300	173,376
	0								
Total	\$ 7,606,258	7,526,000	7,296,555	7,452,547	7,330,315	7,112,018	6,997,272	6,855,925	6,861,592
Expenditures:									
Instruction:									
Regular	\$ 2,670,075	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	929,163	872,333	862,623	867,594	803,722	696,062	767,795	717,390	795,993
Other	1,132,082	1,207,128	1,063,626	960,146	810,222	713,209	694,697	681,518	539,839
Support services:									
Student	114,992	113,895	147,755	186,623	166,320	153,284	145,840	144,734	137,146
Instructional staff	284,438	378,051	193,461	262,731	177,049	172,518	193,769	123,536	97,427
Administration	836,471	690,395	684,436	798,100	690,337	682,910	598,678	580,160	570,496
Operation and maintenance of plant	360,476	417,089	445,862	452,660	420,190	397,535	354,575	368,832	355,605
Transportation	737,445	650,518	524,309	607,830	544,307	493,383	489,195	436,236	454,468
Non-instructional programs	1,558	29,528	1,337	3,258	4,846	824	757	737	704
Capital Outlay	253,032	266,263	352,182	192,426	293,855	230,744	208,371	96,863	145,996
Long-term debt:									
Principal	0	310,000	295,000	610,000	575,000	550,000	845,000	1,015,000	965,000
Interest and fiscal charges	0	13,795	26,628	46,344	72,200	97,233	132,265	178,252	218,792
Other expenditures:									
AEA flow-through	217,778	241,413	240,805	221,081	208,238	203,337	190,338	189,051	193,525
Total	\$ 7,537,510	7,732,440	7,357,465	7,905,987	7,303,098	6,843,518	7,021,311	6,786,904	6,774,678

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**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, 2012, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 30, 2013. 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

The management of Westwood Community School District is responsible for establishing and maintaining effective 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 deficiencies in internal control described in Part I of the accompanying Schedule of Findings as item I-A-12 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 deficiencies in internal control described in Part I of the accompanying Schedule of Findings as items I-B-12 and I-C-12 to be a significant deficiencies.

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, 2012 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.

January 30, 2013

WESTWOOD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-12 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. Payroll contracts are entered and payroll is processed by the same person. An independent person does not verify payroll contracts are entered accurately in the payroll software.

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 - The District will continue to review our procedures and implement additional controls where possible to mitigate deficiencies.

Conclusion - Response accepted.

I-B-12 Credit Card Documentation - We noted during our audit that supporting documentation for P-card expenditures is lacking detailed receipts. Board Policy #401.10 indicates that failure to provide such detailed receipts will make the employee responsible for expenses incurred.

Recommendation - The District should review its policies and procedures to ensure that detailed receipts accompany P-card expenditures.

Response - The District will continue to monitor P-card expenditures and follow board policy for these expenditures.

Conclusion - Response accepted.

I-C-12 Scholarship Awards - We noted during our audit that scholarship checks were being written from the Athletic Boosters, Music Boosters, FFA Trust and Student Affairs accounts in the Student Activity Fund.

Recommendation - The Private Purpose Trust Fund is more appropriate for scholarship revenues and expenditures. If these groups intend on awarding scholarships each year, the amount of money from fundraising intended for the scholarships should be receipted directly into the Private Purpose Trust Fund.

Response - The District has set up trust fund accounts to handle scholarship distributions in the future.

Conclusion - Response accepted.

WESTWOOD COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2012

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-12 Certified Budget - District disbursements for the year ended June 30, 2012 did not exceed the certified budget amounts.
- II-B-12 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-12 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-12 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-12 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-12 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-12 Certified Enrollment - No variance in the basic enrollment data certified to the Department of Education were noted.
- II-H-12 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-12 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-12 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-12 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- II-L-12 Deficit Balances - The Management Levy Fund had an unassigned fund balance deficit of \$165,906 at June 30, 2012.

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

Response - The District has levied enough property taxes in fiscal year 2013 to bring the Management Fund to a positive balance.

Conclusion – Response accepted

II-M-12 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, 2012, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	799,644
Revenues/transfers in:			
Sales tax revenues	\$	451,841	
Other local revenues		2,377	
School infrastructure supplemental amount		23,119	477,337
			<u>1,276,981</u>
Expenditures/transfers out:			
School infrastructure	\$	50,477	
Equipment		228,288	
Other		252,172	530,937
			<u>530,937</u>
Ending balance		\$	<u><u>746,044</u></u>

For the year ended June 30, 2012, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.