

WESTWOOD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2014

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Westwood Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Rob Copple	President	2015
Cathy Wilt	Vice President	2015
Marty Choquette	Board Member	2013
Roxie Ullrich	Board Member	2015
Diana Nordstrom	Board Member	2013
(After September 2013 Election)		
Rob Copple	President	2015
Cathy Wilt	Vice President	2015
Roxie Ullrich	Board Member	2015
Diana Nordstrom	Board Member	2017
Lee Haveman	Board Member	2017
School Officials		
Lance Ridgely	Superintendent	2014
Jill Sponder	District Secretary/Treasurer	2014
Ahlers & Cooney, P.C.	Attorney	2014

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:

Report on the Financial Statements

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, Sloan, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Westwood Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Members American Institute & Iowa Society of Certified Public Accountants

Other Matters

Required Supplementary Information

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 16 and 40 through 42 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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 third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2015 on our consideration of Westwood Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Westwood Community School District's internal control over financial reporting and compliance.



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2015
Newton, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

Westwood Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,342,867 in fiscal year 2013 to \$6,445,533 in fiscal year 2014, while General Fund expenditures decreased from \$6,302,577 in fiscal year 2013 to \$6,111,598 in fiscal year 2014. This resulted in an increase in the District's General Fund balance from \$833,705 at June 30, 2013 to \$1,167,640 at June 30, 2014, which was a 40.05% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax and state source revenues during fiscal year 2014. The decrease in General Fund expenditures was attributable to a decrease in support service expenditures incurred as compared to the prior year.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of 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.

Note to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year 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.

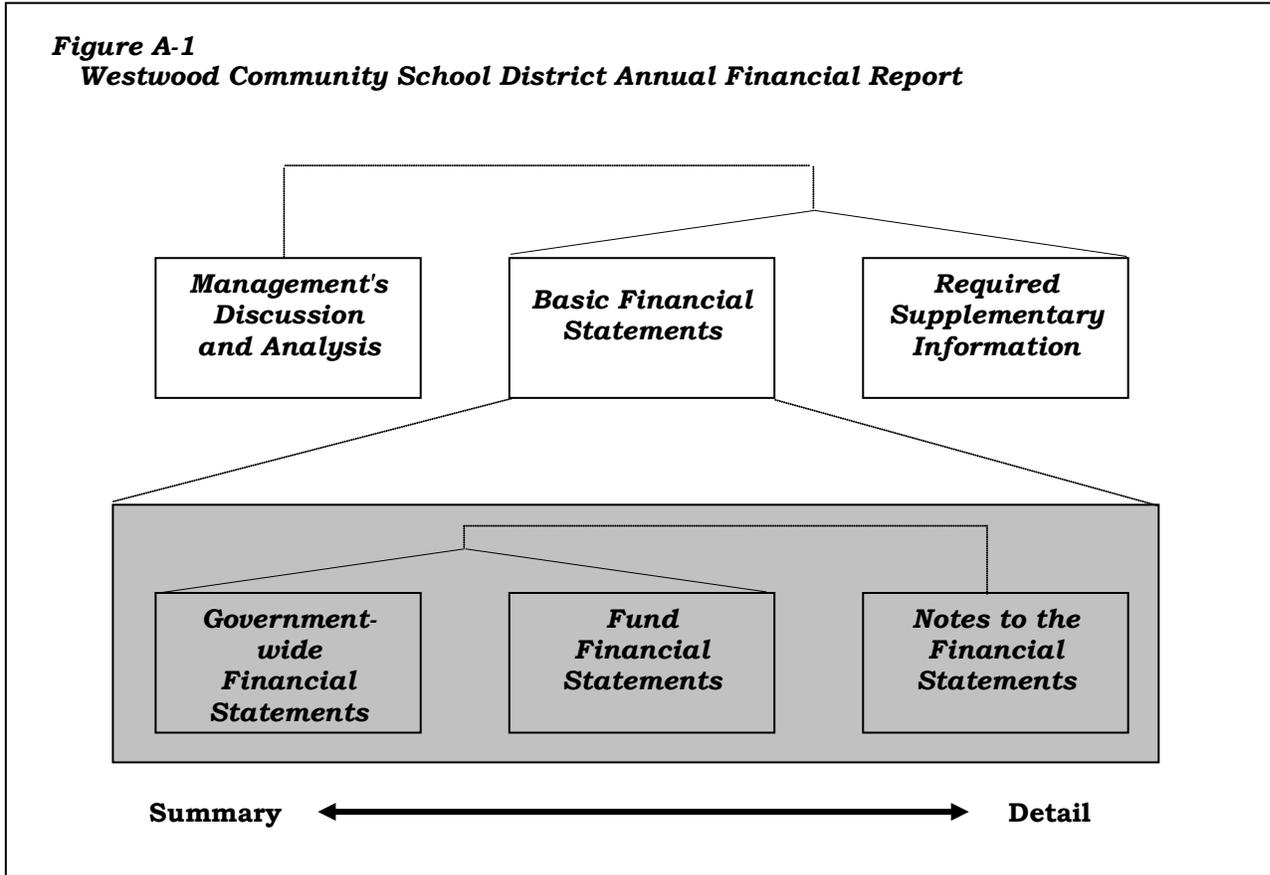


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is 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 Fund, one type of proprietary fund, is the same as its business type activities, but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund. The District's Internal Service Fund, one type of proprietary fund, is the same as the governmental activities, but provides more detail and additional information, such as cash flows. The District currently has one Internal Service Fund, which accounts for the District's self-funded insurance plan.

The required financial statements for the proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position 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 Position and a Statement of Changes in Fiduciary Net Position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Current and other assets	\$ 7,153,435	6,545,971	14,761	25,014	7,168,196	6,570,985	9.09%
Capital assets	7,322,158	7,347,758	14,495	15,799	7,336,653	7,363,557	-0.37%
Total assets	14,475,593	13,893,729	29,256	40,813	14,504,849	13,934,542	4.09%
Long-term liabilities	93,311	65,939	4,632	2,845	97,943	68,784	42.39%
Other liabilities	475,255	603,920	3,577	2,615	478,832	606,535	-21.05%
Total liabilities	568,566	669,859	8,209	5,460	576,775	675,319	-14.59%
Deferred inflows of resources	3,634,902	3,549,518	-	-	3,634,902	3,549,518	2.41%
Net position:							
Net investment in capital assets	7,322,158	7,347,758	14,495	15,799	7,336,653	7,363,557	-0.37%
Restricted	1,982,685	1,867,754	-	-	1,982,685	1,867,754	6.15%
Unrestricted	967,282	458,840	6,552	19,554	973,834	478,394	103.56%
Total net position	\$ 10,272,125	9,674,352	21,047	35,353	10,293,172	9,709,705	6.01%

The District's combined net position increased by \$583,467, or 6.01% from the prior year. The largest portion of the District's net position is invested in capital assets (e.g. land, infrastructure, 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 position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$114,931, or 6.15% from the prior year. The increase was primarily due to increase in fund balance the Management Levy Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$495,440, or 103.56%. The majority of the increase in unrestricted net position was due to the increase in the fund balance of the General Fund.

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

	Figure A-4 Changes in Net Position						
	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-14
Revenues:							
Program revenues:							
Charges for service	\$ 921,037	908,765	143,010	128,379	1,064,047	1,037,144	2.59%
Operating grants, contributions and restricted interest	524,301	658,033	165,568	149,193	689,869	807,226	-14.54%
General revenues:							
Property tax	3,537,408	3,421,109	-	-	3,537,408	3,421,109	3.40%
Income surtax	222,444	172,995	-	-	222,444	172,995	28.58%
Statewide sales, services and use tax	473,505	449,247	-	-	473,505	449,247	5.40%
Unrestricted state grants	2,241,203	2,121,970	-	-	2,241,203	2,121,970	5.62%
Unrestricted investment earnings	2,954	2,930	3	4	2,957	2,934	0.78%
Other	116,051	35,077	2,719	690	118,770	35,767	232.07%
Total revenues	8,038,903	7,770,126	311,300	278,266	8,350,203	8,048,392	3.75%
Program expenses:							
Instruction	4,828,802	5,010,497	-	-	4,828,802	5,010,497	-3.63%
Support services	2,149,007	2,230,402	-	-	2,149,007	2,230,402	-3.65%
Non-instructional programs	946	2,162	325,606	328,421	326,552	330,583	-1.22%
Other expenses	462,375	452,178	-	-	462,375	452,178	2.26%
Total expenses	7,441,130	7,695,239	325,606	328,421	7,766,736	8,023,660	-3.20%
Change in net position	597,773	74,887	(14,306)	(50,155)	583,467	24,732	2259.16%
Net position beginning of year	9,674,352	9,599,465	35,353	85,508	9,709,705	9,684,973	0.26%
Net position end of year	\$ 10,272,125	9,674,352	21,047	35,353	10,293,172	9,709,705	6.01%

In fiscal year 2014, property tax and unrestricted state grants accounted for 71.88% of the revenue from governmental activities while charges for service and operating grants, contributions, and restricted interest accounted for 99.13% of the revenue from business type activities.

The District's total revenues were approximately \$8.35 million of which approximately \$8.04 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 3.75% increase in revenues and a 3.20% decrease in expenses. The increase in revenues can be attributed to an increase in property tax and unrestricted state revenue sources compared to the prior year. The decrease in expenses is primarily due to a decrease in expenditures incurred in the instruction and support services functional areas as compared to the prior year.

Governmental Activities

Total revenues for all of the Districts' governmental activities were \$8,038,903 and expenses were \$7,441,130 for the year ended June 30, 2014.

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, 2014 compared to the year ended June 30, 2013.

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-14	2014	2013	Change 2013-14
Instruction	\$ 4,828,802	5,010,497	-3.63%	3,621,815	3,704,094	-2.22%
Support services	2,149,007	2,230,402	-3.65%	2,135,107	2,186,527	-2.35%
Non-instructional programs	946	2,162	-56.24%	946	2,162	-56.24%
Other expenses	462,375	452,178	2.26%	237,924	235,658	0.96%
Totals	<u>\$ 7,441,130</u>	<u>7,695,239</u>	<u>-3.30%</u>	<u>5,995,792</u>	<u>6,128,441</u>	<u>-2.16%</u>

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$921,037.
- Federal and state governments along with contributions from local sources subsidized certain programs with grants and contributions totaling \$524,301.
- The net cost of governmental activities was financed with property tax of \$3,537,408, income surtax of \$222,444, statewide sales, services and use tax of \$473,505, unrestricted state grants of \$2,241,203, interest income of \$2,957 and other general revenues of \$116,051.

Business type Activities

Revenues for business type activities were \$311,300 and expenses totaled \$325,606 for the year ended June 30, 2014. The District's only business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements, investment income, and other general revenue.

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 \$2,849,137, above last year's ending fund balance of \$2,232,123. The primary reason for this increase in combined fund balances is the increase in fund balance of the General Fund and Management Levy Fund during the year.

Governmental Fund Highlights

- The District's General Fund financial position is a product of many factors. The General Fund balance increased from \$833,705 at June 30, 2013, to \$1,167,640 at June 30, 2014. Total revenues increased, while total expenditures decreased as compared to the prior year. The increase in revenues was funded by an increase in local tax and state revenues sources while the decrease in expenditures was due to decreased support service expenditures incurred. Revenues outpaced expenditures ensuring an increase in ending fund balance.
- The Capital Projects Fund balance decreased from \$1,482,820 at June 30, 2013, to \$1,429,066 at June 30, 2014. This decrease is primarily attributable to a decrease in state and federal source revenue received as compared to the prior year.

Proprietary Fund Highlights

The School Nutrition Fund net position decreased from \$35,353 at June 30, 2013 to \$21,047 at June 30, 2014, representing a decrease of 40.47%. Total revenues increased from the prior year primarily due to increases in charges for service and federal revenue received. Total expenditures still outpaced total revenues ensuring a decrease in ending net position.

BUDGETARY HIGHLIGHTS

Over the course of the year, Westwood Community School District amended its budget one time to reflect additional expenditures associated with employee salaries and benefits and increased costs associated with the District's roof project which was started during the year.

The District's total revenues were \$366,719 more than budgeted revenues, a variance of 4.60%. The most significant variance resulted from the District receiving more in state sources than originally anticipated.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$7,336,653, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$391,453.

The original cost of the District's capital assets was \$13,730,637. Governmental funds account for \$13,563,917 of this total, with the remainder of \$166,720 accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$74,444 at June 30, 2013, compared to \$170,989 reported at June 30, 2014. This increase is attributable to the expenditures incurred for the District's roof replacement project. This project will be capitalized as part of the District's capital asset listing upon completion.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Land	\$ 76,000	76,000	-	-	76,000	76,000	0.00%
Construction in progress	170,989	74,444	-	-	170,989	74,444	129.69%
Buildings	6,346,226	6,551,114	-	-	6,346,226	6,551,114	-3.13%
Land improvements	232,312	127,614	-	-	232,312	127,614	82.04%
Machinery and equipment	496,631	518,586	14,495	15,799	511,126	534,385	-4.35%
Total	\$ 7,322,158	7,347,758	14,495	15,799	7,336,653	7,363,557	-0.37%

Long-Term Debt

At June 30, 2014, the District had \$97,943 in long-term debt outstanding. This represents an increase of 42.39% from last year. (See Figure A-7 Additional information about the District's long-term debt is presented in Note 3 to the financial statements.

At June 30, 2014, the District had compensated absences of \$5,119 payable from the General Fund.

At June 30, 2014, the District had a total net OPEB liability of \$92,824. \$88,192 of this total is attributable to the District's governmental activities while the remaining \$4,632 is attributable to the District's business type activities.

Figure A-7
Outstanding Long-Term Obligations

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2014	2013	2014	2013	2014	2013	2013-14
Compensated absences	5,119	7,089	-	-	5,119	7,089	-27.79%
Net OPEB liability	88,192	58,850	4,632	2,845	92,824	61,695	50.46%
Total	\$ 93,311	65,939	4,632	2,845	97,943	68,784	42.39%

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.
- The requirements contained within the Affordable Health Care Act may potentially impact the District's future employee benefit cost.

-
- With the implementation of GASB Statement No. 68 in FY15, the District is expected to book a liability on financial statements associated with the District's share of its IPERS liability. This is expected to negatively impact the District's financial statements.

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.

BASIC FINANCIAL STATEMENTS

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and pooled investments	\$ 2,881,665	2,762	2,884,427
Receivables:			
Property tax:			
Delinquent	33,102	-	33,102
Succeeding year	3,634,902	-	3,634,902
Income surtax	177,170	-	177,170
Accounts	129,272	30	129,302
Due from other governments	297,324	-	297,324
Inventories	-	10,039	10,039
Prepaid items	-	1,930	1,930
Capital assets, net of accumulated depreciation	7,322,158	14,495	7,336,653
TOTAL ASSETS	14,475,593	29,256	14,504,849
LIABILITIES			
Accounts payable	435,741	3	435,744
Salaries and benefits payable	39,514	903	40,417
Unearned revenue	-	2,671	2,671
Long-term liabilities:			
Due within one year:			
Compensated absences	5,119	-	5,119
Due after one year:			
Net OPEB liability	88,192	4,632	92,824
TOTAL LIABILITIES	568,566	8,209	576,775
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenues	3,634,902	-	3,634,902
NET POSITION			
Net investment in capital assets	7,322,158	14,495	7,336,653
Restricted for:			
Categorical funding	301,188	-	301,188
School infrastructure	1,024,530	-	1,024,530
Physical plant and equipment	404,536	-	404,536
Management levy purposes	132,754	-	132,754
Student activities	119,677	-	119,677
Unrestricted	967,282	6,552	973,834
TOTAL NET POSITION	\$ 10,272,125	21,047	10,293,172

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Govern- mental Activities	Business Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,551,614	267,823	46,342	(2,237,449)	-	(2,237,449)
Special	1,077,528	167,490	51,927	(858,111)	-	(858,111)
Other	1,199,660	484,998	188,407	(526,255)	-	(526,255)
	<u>4,828,802</u>	<u>920,311</u>	<u>286,676</u>	<u>(3,621,815)</u>	<u>-</u>	<u>(3,621,815)</u>
Support services:						
Student	184,739	-	-	(184,739)	-	(184,739)
Instructional staff	169,663	-	-	(169,663)	-	(169,663)
Administration	620,571	-	-	(620,571)	-	(620,571)
Operation and maintenance of plant	604,586	-	-	(604,586)	-	(604,586)
Transportation	569,448	726	13,174	(555,548)	-	(555,548)
	<u>2,149,007</u>	<u>726</u>	<u>13,174</u>	<u>(2,135,107)</u>	<u>-</u>	<u>(2,135,107)</u>
Non-instructional programs:						
Food service operations	946	-	-	(946)	-	(946)
Other expenses:						
AEA flowthrough	224,451	-	224,451	-	-	-
Depreciation(unallocated)*	237,924	-	-	(237,924)	-	(237,924)
	<u>462,375</u>	<u>-</u>	<u>224,451</u>	<u>(237,924)</u>	<u>-</u>	<u>(237,924)</u>
Total governmental activities	<u>7,441,130</u>	<u>921,037</u>	<u>524,301</u>	<u>(5,995,792)</u>	<u>-</u>	<u>(5,995,792)</u>
Business type activities:						
Non-instructional programs:						
Food service operations	325,606	143,010	165,568	-	(17,028)	(17,028)
Total	<u>\$ 7,766,736</u>	<u>1,064,047</u>	<u>689,869</u>	<u>(5,995,792)</u>	<u>(17,028)</u>	<u>(6,012,820)</u>
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,441,152	-	3,441,152
Capital outlay				96,256	-	96,256
Income surtax				222,444	-	222,444
Statewide sales, services and use tax				473,505	-	473,505
Unrestricted state grants				2,241,203	-	2,241,203
Unrestricted investment earnings				2,954	3	2,957
Other				116,051	2,719	118,770
Total general revenues				<u>6,593,565</u>	<u>2,722</u>	<u>6,596,287</u>
Change in net position				597,773	(14,306)	583,467
Net position beginning of year				<u>9,674,352</u>	<u>35,353</u>	<u>9,709,705</u>
Net position end of year				<u>\$ 10,272,125</u>	<u>21,047</u>	<u>10,293,172</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, 2014

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash and pooled investments	\$ 1,048,094	1,557,412	258,368	2,863,874
Receivables:				
Property tax:				
Delinquent	27,538	901	4,663	33,102
Succeeding year	3,110,916	98,986	425,000	3,634,902
Income surtax	177,170	-	-	177,170
Accounts	122,884	-	6,388	129,272
Due from other governments	220,404	76,920	-	297,324
TOTAL ASSETS	\$ 4,707,006	1,734,219	694,419	7,135,644
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 211,766	206,167	16,988	434,921
Salaries and benefits payable	39,514	-	-	39,514
Total liabilities	251,280	206,167	16,988	474,435
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,110,916	98,986	425,000	3,634,902
Income surtax	177,170	-	-	177,170
Total deferred inflows of resources	3,288,086	98,986	425,000	3,812,072
Fund balances:				
Restricted for:				
Categorical funding	301,188	-	-	301,188
School infrastructure	-	1,024,530	-	1,024,530
Physical plant and equipment	-	404,536	-	404,536
Management levy purposes	-	-	132,754	132,754
Student activities	-	-	119,677	119,677
Unassigned	866,452	-	-	866,452
Total fund balances	1,167,640	1,429,066	252,431	2,849,137
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,707,006	1,734,219	694,419	7,135,644

SEE NOTES TO FINANCIAL STATEMENTS.

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

Total fund balances of governmental funds (page 20)	\$	2,849,137
 <i>Amounts reported for governmental activities in the Statement of Net Position 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.		7,322,158
Blending of the Internal Service Funds to be reflected on an entity-wide basis.		16,971
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal year and therefore, is recognized as deferred inflows of resources in the governmental funds.		177,170
Long-term liabilities, including other postemployment benefits payable and compensated absences payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(93,311)
Net position of governmental activities (page 18)	\$	<u><u>10,272,125</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 3,148,543	96,256	498,293	3,743,092
Tuition	390,468	-	-	390,468
Other	158,112	2,270	513,587	673,969
State sources	2,555,528	473,509	20	3,029,057
Federal sources	185,557	-	-	185,557
Total revenues	<u>6,438,208</u>	<u>572,035</u>	<u>1,011,900</u>	<u>8,022,143</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,491,505	14,458	43,644	2,549,607
Special	1,073,564	-	3,026	1,076,590
Other	705,917	2,486	483,766	1,192,169
	<u>4,270,986</u>	<u>16,944</u>	<u>530,436</u>	<u>4,818,366</u>
Support services:				
Student	182,736	-	1,794	184,530
Instructional staff	57,284	108,388	598	166,270
Administration	595,353	-	22,153	617,506
Operation and maintenance of plant	301,596	-	88,880	390,476
Transportation	479,192	56,070	29,413	564,675
	<u>1,616,161</u>	<u>164,458</u>	<u>142,838</u>	<u>1,923,457</u>
Non-instructional programs:				
Food service operations	-	-	1,793	1,793
Capital outlay	-	444,387	-	444,387
Other expenditures:				
AEA flowthrough	224,451	-	-	224,451
Total expenditures	<u>6,111,598</u>	<u>625,789</u>	<u>675,067</u>	<u>7,412,454</u>
Excess(Deficiency) of revenues over(under) expenditures	326,610	(53,754)	336,833	609,689
Other financing sources:				
Sale of equipment	7,325	-	-	7,325
Change in fund balances	333,935	(53,754)	336,833	617,014
Fund balances beginning of year	833,705	1,482,820	(84,402)	2,232,123
Fund balances end of year	<u>\$ 1,167,640</u>	<u>1,429,066</u>	<u>252,431</u>	<u>2,849,137</u>

SEE NOTES TO FINANCIAL STATEMENTS.

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

Change in fund balances - total governmental funds (page 22) \$ 617,014

*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 not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Depreciation expense, capital outlay and loss on disposal expenditures in the current year, are as follows:

Capital outlay	\$ 375,016	
Depreciation expense	(388,490)	
Loss on asset disposal	(12,126)	(25,600)

Net change in the Internal Service Funds charged back against expenditures made for self-funded insurance at an entity-wide basis. 16,971

Income surtax account receivable is not available to finance expenditures of the current year period and is recognized as deferred inflows of resources in the governmental funds. 16,760

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	(29,342)	
Compensated absences	1,970	(27,372)

Change in net position of governmental activities (page 19) \$ 597,773

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business Type	
	Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
ASSETS		
Cash and pooled investments	\$ 2,762	17,791
Accounts receivable	30	-
Inventories	10,039	-
Prepaid items	1,930	-
Capital assets, net of accumulated depreciation	14,495	-
TOTAL ASSETS	29,256	17,791
LIABILITIES		
Accounts payable	3	820
Salaries and benefits payable	903	-
Unearned revenue	2,671	-
Net OPEB liability	4,632	-
TOTAL LIABILITIES	8,209	820
NET POSITION		
Net investment in capital assets	14,495	-
Unrestricted	6,552	16,971
TOTAL NET POSITION	\$ 21,047	16,971

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type	
	Activities: Enterprise Fund	Governmental Activities: Internal Service Fund
OPERATING REVENUE:		
Local sources:		
Charges for service	\$ 143,010	-
Miscellaneous	2,719	36,596
TOTAL OPERATING REVENUES	<u>145,729</u>	<u>36,596</u>
OPERATING EXPENSES:		
Non-instructional programs:		
Food service operations:		
Salaries	116,814	-
Benefits	51,129	-
Services	4,208	-
Supplies	150,492	-
Depreciation	2,963	-
Other enterprise operations:		
Benefits	-	16,745
Services	-	2,880
TOTAL OPERATING EXPENSES	<u>325,606</u>	<u>19,625</u>
OPERATING INCOME(LOSS)	<u>(179,877)</u>	<u>16,971</u>
NON-OPERATING REVENUES:		
State sources	2,771	-
Federal sources	162,797	-
Interest income	3	-
TOTAL NON-OPERATING REVENUES	<u>165,571</u>	<u>-</u>
Change in net position	(14,306)	16,971
Net position beginning of year	<u>35,353</u>	<u>-</u>
Net position end of year	<u>\$ 21,047</u>	<u>16,971</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Business Type Activities: Enterprise Fund School Nutrition	Governmental Activities: Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 144,294	-
Cash received from miscellaneous operating activities	2,719	36,596
Cash payments to employees for services	(166,212)	(16,745)
Cash payments to suppliers for goods or services	(133,689)	(2,060)
Net cash provided by(used in) operating activities	<u>(152,888)</u>	<u>17,791</u>
Cash flows from non-capital financing activities:		
State grants received	2,771	-
Federal grants received	138,622	-
Net cash provided by non-capital financing activities	<u>141,393</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(1,659)	-
Cash flows from investing activities:		
Interest on investments	3	-
Net increase(decrease) in cash and cash equivalents	(13,151)	17,791
Cash and cash equivalents beginning of year	15,913	-
Cash and cash equivalents end of year	<u>\$ 2,762</u>	<u>17,791</u>
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:		
Operating income(loss)	\$ (179,877)	16,971
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:		
Commodities consumed	24,175	-
Depreciation	2,963	-
Increase in inventories	(1,093)	-
Decrease in accounts receivable	125	-
Increase in prepaid items	(1,930)	-
Increase(Decrease) in accounts payable	(141)	820
Decrease in salaries and benefits payable	(56)	-
Increase in unearned revenue	1,159	-
Increase in other postemployment benefits	1,787	-
Net cash provided by(used in) operating activities	<u>\$ (152,888)</u>	<u>17,791</u>

NON-CASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:

During the year ended June 30, 2014, the District received Federal commodities valued at \$24,175.

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2014

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
ASSETS	
Cash and pooled investments	\$ 23,541
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for scholarships	<u>\$ 23,541</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2014

		<u>Private Purpose</u>	
		<u>Trust</u>	
		<u>Scholarship</u>	
Additions:			
Local sources:			
Contributions	\$	3,250	
Interest		120	
Total additions		<u>3,370</u>	
Deductions:			
Instruction:			
Regular:			
Scholarships awarded		<u>3,950</u>	
Change in net position			(580)
Net position beginning of year			<u>24,121</u>
Net position end of year	\$		<u><u>23,541</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor proprietary funds:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The Internal Service Fund is used to account for the benefits program offered by the District and the District's partially self-funded health insurance. The Internal Service Fund is charged back to the Governmental funds and shown combined in the Statement of Net Position and the Statement of Activities.

The District also reports a fiduciary fund which focuses on net position and changes in net position. 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

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

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, Deferred Inflows of Resources 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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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

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

Prepaid Items - The District received credits from Martin Bros. from the overpayment of invoices during the year in the Enterprise, School Nutrition Fund. These credits are shown as prepaid items in the current year and will be expensed in the succeeding fiscal year.

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 position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and 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	\$ 5,000
Buildings	5,000
Land improvements	5,000
Intangibles	5,000
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
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-15 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.

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 Position 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 Position.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Balances - 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.

E. Budgets and Budgetary Accounting

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

(2) **Cash, Cash Equivalents and Pooled Investments**

The District's deposits at June 30, 2014 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, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$144,429 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) **Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Compensated absences	7,089	5,119	7,089	5,119	5,119
Net OPEB liability	58,850	29,342	-	88,192	-
Total	\$ 65,939	34,461	7,089	93,311	5,119
Business Type Activities:					
Net OPEB liability	\$ 2,845	1,787	-	4,632	-

(4) Capital Assets

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 76,000	-	-	76,000
Construction in progress	74,444	175,579	79,034	170,989
Total capital assets not being depreciated	150,444	175,579	79,034	246,989
Capital assets being depreciated:				
Buildings	10,785,243	13,340	-	10,798,583
Land improvements	806,906	124,394	-	931,300
Machinery and equipment	1,689,177	140,737	242,869	1,587,045
Total capital assets being depreciated	13,281,326	278,471	242,869	13,316,928
Less accumulated depreciation for:				
Buildings	4,234,129	218,228	-	4,452,357
Land improvements	679,292	19,696	-	698,988
Machinery and equipment	1,170,591	150,566	230,743	1,090,414
Total accumulated depreciation	6,084,012	388,490	230,743	6,241,759
Total capital assets being depreciated, net	7,197,314	(110,019)	12,126	7,075,169
Governmental activities capital assets, net	\$ 7,347,758	65,560	91,160	7,322,158
Business type activities:				
Machinery and equipment	\$ 165,061	1,659	-	166,720
Less accumulated depreciation	149,262	2,963	-	152,225
Business type activities capital assets, net	\$ 15,799	(1,304)	-	14,495

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 4,073
Other	6,047
Support services:	
Instructional staff	14,074
Administration	3,364
Operation and maintenance of plant	3,388
Transportation	119,620
	150,566
Unallocated depreciation	237,924
Total governmental activities depreciation expense	\$ 388,490
Business type activities:	
Food service operations	\$ 2,963

(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 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$346,560, \$325,226, and \$304,407, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits

Plan Description - The District operates a single-employer health plan which provides medical and prescription drug benefits for employees, retirees and their spouses. There are 43 active and 3 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results 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 Districts OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$	38,139
Interest on net OPEB obligation		1,542
Adjustment to annual required contribution		<u>(4,606)</u>
Annual OPEB cost		35,075
Contributions made		<u>(3,946)</u>
Increase in net OPEB obligation		31,129
Net OPEB obligation beginning of year		<u>61,695</u>
Net OPEB obligation end of year	\$	<u><u>92,824</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, 2014.

For the year ended June 30, 2014, the District contributed \$3,946 to the medical plan.

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

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 8,737	3.20%	\$ 31,109
2013	35,134	12.95%	61,695
2014	35,075	11.25%	92,824

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$282,561, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$282,561. The covered payroll (annual payroll of active employees covered by the plan) was \$2,283,033, and the ratio of the UAAL to covered payroll was 12.38%. As of June 30, 2014 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 for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques 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, 2012 actuarial valuation date, the Entry Age Actuarial Cost Method was used. The actuarial assumptions include 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.

The District's contributions, which include deficit recovery assessments, to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2014 were \$348,312.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior notice may withdraw.

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 \$224,451 for the year ended June 30, 2014 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, 2014 is comprised of the following programs:

Program	Amount
Teacher salary supplement	\$ 9,344
Four-year-old preschool state aid	206,290
Successful progression for early readers	11,338
Professional development	63,156
Market factor incentives	4,041
Teacher leadership grants	7,019
Total	\$ 301,188

(10) Construction Commitments

The District has entered into contracts for a roof project within the District totaling \$656,683 as of June 30, 2014. Costs of \$170,989 have been incurred against these contracts. The balance of \$485,694 remaining at June 30, 2014 will be paid as work on the project progresses.

(11) Reconciliation of Governmental Fund Balances to Net Position

Reconciliation of certain governmental fund balances to net position is as follows:

	Unassigned/ Unrestricted
Fund balance (Exhibit C)	\$ 866,452
Internal service fund	16,971
Income surtax	177,170
Compensated absences	(5,119)
Net OPEB liability	(88,192)
Net position (Exhibit A)	\$ 967,282

(12) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2014. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2014

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 4,807,529	145,732	4,953,261	5,258,632	5,258,632	(305,371)
State sources	3,029,057	2,771	3,031,828	2,394,659	2,394,659	637,169
Federal sources	185,557	162,797	348,354	313,433	313,433	34,921
Total revenues	8,022,143	311,300	8,333,443	7,966,724	7,966,724	366,719
Expenditures/Expenses:						
Instruction	4,818,366	-	4,818,366	5,224,333	5,267,648	449,282
Support services	1,923,457	-	1,923,457	2,733,125	2,733,125	809,668
Non-instructional programs	1,793	325,606	327,399	331,362	418,444	91,045
Other expenditures	668,838	-	668,838	576,415	943,534	274,696
Total expenditures/expenses	7,412,454	325,606	7,738,060	8,865,235	9,362,751	1,624,691
Excess(Deficiency) of revenues over(under) expenditures/expenses	609,689	(14,306)	595,383	(898,511)	(1,396,027)	1,991,410
Other financing sources, net	7,325	-	7,325	-	-	7,325
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	617,014	(14,306)	602,708	(898,511)	(1,396,027)	1,998,735
Balances beginning of year	2,232,123	35,353	2,267,476	1,872,768	1,872,768	394,708
Balances end of year	\$ 2,849,137	21,047	2,870,184	974,257	476,741	2,393,443

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary 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. During the year, the District adopted one budget amendment, increasing budgeted expenditures by \$497,516.

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

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$ 147,656	\$ 147,656	0.00%	\$ 2,038,885	7.24%
2011	July 1, 2009	-	217,110	217,110	0.00%	1,988,253	10.92%
2012	July 1, 2009	-	217,110	217,110	0.00%	2,058,957	10.54%
2013	July 1, 2012	-	283,647	283,647	0.00%	2,239,887	12.66%
2014	July 1, 2012	-	282,561	282,561	0.00%	2,283,033	12.38%

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, 2014

	Special Revenue Funds		
	Management Levy	Student Activity	Total
ASSETS			
Cash and pooled investments	\$ 128,091	130,277	258,368
Receivables:			
Property tax:			
Delinquent	4,663	-	4,663
Succeeding year	425,000	-	425,000
Accounts	-	6,388	6,388
TOTAL ASSETS	\$ 557,754	136,665	694,419
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	16,988	16,988
Deferred inflows of resources			
Unavailable revenues:			
Succeeding year property tax	425,000	-	425,000
Fund balances:			
Restricted for:			
Management levy purposes	132,754	-	132,754
Student activities	-	119,677	119,677
Total fund balances	132,754	119,677	252,431
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 557,754	136,665	694,419

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, 2014

	Special Revenue Funds		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 498,293	-	498,293
Other	13,060	500,527	513,587
State sources	20	-	20
Total revenues	<u>511,373</u>	<u>500,527</u>	<u>1,011,900</u>
Expenditures:			
Current:			
Instruction:			
Regular	43,644	-	43,644
Special	3,026	-	3,026
Other	-	483,766	483,766
Support services:			
Student	1,794	-	1,794
Instructional staff	598	-	598
Administration	22,153	-	22,153
Operation and maintenance of plant	88,880	-	88,880
Transportation	29,413	-	29,413
Non-instructional programs:			
Food service operations	1,793	-	1,793
Total expenditures	<u>191,301</u>	<u>483,766</u>	<u>675,067</u>
Change in fund balances	320,072	16,761	336,833
Fund balances beginning of year	<u>(187,318)</u>	<u>102,916</u>	<u>(84,402)</u>
Fund balances end of year	<u>\$ 132,754</u>	<u>119,677</u>	<u>252,431</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and cash equivalents	\$ 1,144,017	413,395	1,557,412
Receivables:			
Property tax:			
Delinquent	-	901	901
Succeeding year	-	98,986	98,986
Due from other governments	76,920	-	76,920
TOTAL ASSETS	\$ 1,220,937	513,282	1,734,219
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 196,407	9,760	206,167
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	98,986	98,986
Fund balances:			
Restricted for:			
School infrastructure	1,024,530	-	1,024,530
Physical plant and equipment	-	404,536	404,536
Total fund balances	1,024,530	404,536	1,429,066
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,220,937	513,282	1,734,219

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, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ -	96,256	96,256
Other	1,808	462	2,270
State sources	473,505	4	473,509
Total revenues	<u>475,313</u>	<u>96,722</u>	<u>572,035</u>
Expenditures:			
Current:			
Instruction:			
Regular	14,458	-	14,458
Other	2,486	-	2,486
Support services:			
Instructional staff	105,658	2,730	108,388
Transportation	9,045	47,025	56,070
Capital outlay	382,957	61,430	444,387
Total expenditures	<u>514,604</u>	<u>111,185</u>	<u>625,789</u>
Change in fund balances	(39,291)	(14,463)	(53,754)
Fund balances beginning of year	<u>1,063,821</u>	<u>418,999</u>	<u>1,482,820</u>
Fund balances end of year	<u>\$ 1,024,530</u>	<u>404,536</u>	<u>1,429,066</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, 2014

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Miscellaneous Student Activity	\$ 116	54	-	-	170
Concession Stand	2,277	30,337	30,802	-	1,812
Elementary Band	1	1,042	1,285	400	158
Elem. Student Affairs	500	-	50	-	450
Elem. Student Council	787	-	-	-	787
Westwood PTO	70	-	-	-	70
Plays	478	-	27	-	451
Musical	2,405	4,932	8,580	1,300	57
Madrigal	683	-	-	-	683
Music Boosters	825	5,933	2,673	(2,578)	1,507
Vocal Music	220	11,807	13,605	1,812	234
Show Chior	15,085	25,667	51,060	11,400	1,092
Jubilation	5,463	63,484	47,291	(19,083)	2,573
Vocal Trip	371	58,614	68,551	9,566	-
Instrumental Music	3,516	9,743	8,594	(2,694)	1,971
Jazz Band	3	-	-	-	3
Cross Country	-	1,506	977	-	529
Boy's Basketball	117	2,676	2,342	847	1,298
Football	-	44,834	44,991	3,044	2,887
Baseball	260	4,538	5,149	450	99
Boy's Track	3	1,020	1,016	100	107
Boy's Golf	3	428	66	-	365
Wrestling	3	3,816	2,371	214	1,662
Girl's Basketball	706	2,390	2,409	33	720
Volleyball	3,357	3,724	4,082	50	3,049
Softball	26	6,138	6,695	561	30
Girl's Track	1	608	391	-	218
Girl's Golf	54	-	-	-	54
Spanish Club	439	306	300	190	635
Industrial Tech. Club	-	534	360	-	174
Student Affairs	123	1,061	280	(95)	809
Annual	9,257	8,161	4,965	375	12,828
National Honor Society	63	1,265	1,417	95	6
Quiz Bowl	218	596	610	2	206
Future Problem Solving	1,015	85	605	-	495
Weight Room	16	-	-	-	16
FFA	3	40,940	38,919	222	2,246
FFA Trust	188	1,500	-	-	1,688
FHA	12	-	-	-	12
Media Club	146	-	146	-	-
Athletic Boosters	38,182	78,302	63,899	(2,867)	49,718
Season Passes	983	49,748	35,985	(2,847)	11,899
Class of 2010	331	-	331	-	-
Class of 2011	638	-	638	-	-
Class of 2012	3,902	-	2,102	-	1,800
Class of 2013	428	-	428	-	-
Class of 2014	-	807	807	-	-
Class of 2015	-	6,282	4,888	64	1,458
HS Student Council	1,550	7,750	5,968	(1,066)	2,266
Football Cheerleaders	1,735	5,671	4,479	(130)	2,797
Basketball Cheerleaders	259	1,154	914	32	531
Wrestling Cheerleading	58	350	427	23	4
Drill Team	2	3,578	3,596	580	564
After Prom Party	6,038	9,146	8,695	-	6,489
Total	<u>\$ 102,916</u>	<u>500,527</u>	<u>483,766</u>	<u>-</u>	<u>119,677</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
ASSETS						
Cash and pooled investments	\$ 255	6,237	9,772	6,815	462	23,541
LIABILITIES	-	-	-	-	-	-
NET POSITION						
Restricted for scholarships	\$ 255	6,237	9,772	6,815	462	23,541

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2014

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	FFA Scholarship	Athletic Boosters Scholarship	Music Boosters Scholarship	Total
Additions:									
Local sources:									
Contributions	\$ -	-	-	-	-	1,250	1,500	500	3,250
Interest	-	33	20	59	8	-	-	-	120
Total additions	-	33	20	59	8	1,250	1,500	500	3,370
Deductions:									
Instruction:									
Regular:									
Scholarships awarded	-	500	-	-	200	1,250	1,500	500	3,950
Change in net position	-	(467)	20	59	(192)	-	-	-	(580)
Net position beginning of year	255	6,704	9,752	6,756	654	-	-	-	24,121
Net position end of year	\$ 255	6,237	9,772	6,815	462	-	-	-	23,541

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	Modified Accrual Basis									
	Years Ended June 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Local sources:										
Local tax	\$ 3,743,092	4,047,522	3,814,227	3,881,232	3,850,511	3,750,250	3,705,710	3,526,683	3,578,906	3,852,725
Tuition	390,468	396,896	376,303	297,127	323,864	341,478	393,580	364,395	340,776	247,314
Other	673,969	566,470	506,602	531,338	510,137	455,024	495,463	594,561	493,369	387,476
State sources	3,029,057	2,495,298	2,667,417	2,421,006	2,041,549	2,644,314	2,567,230	2,465,643	2,437,384	2,220,110
Federal sources	185,557	268,111	241,709	395,297	570,494	261,481	168,332	160,736	146,837	148,300
Total	\$ 8,022,143	7,774,297	7,606,258	7,526,000	7,296,555	7,452,547	7,330,315	7,112,018	6,997,272	6,855,925
Expenditures:										
Instruction:										
Regular	\$ 2,549,607	2,679,298	2,670,075	2,542,032	2,519,441	2,697,194	2,536,812	2,452,479	2,400,031	2,254,595
Special	1,076,590	1,178,583	929,163	872,333	862,623	867,594	803,722	696,062	767,795	717,390
Other	1,192,169	1,152,351	1,132,082	1,207,128	1,063,626	960,146	810,222	713,209	694,697	681,518
Support services:										
Student	184,530	121,782	114,992	113,895	147,755	186,623	166,320	153,284	145,840	144,734
Instructional staff	166,270	274,072	284,438	378,051	193,461	262,731	177,049	172,518	193,769	123,536
Administration	617,506	579,886	836,471	690,395	684,436	798,100	690,337	682,910	598,678	580,160
Operation and maintenance of plant	390,476	488,220	360,476	417,089	445,862	452,660	420,190	397,535	354,575	368,832
Transportation	564,675	622,513	737,445	650,518	524,309	607,830	544,307	493,383	489,195	436,236
Non-instructional programs	1,793	2,162	1,558	29,528	1,337	3,258	4,846	824	757	737
Capital outlay	444,387	164,218	253,032	266,263	352,182	192,426	293,855	230,744	208,371	96,863
Long-term debt:										
Principal	-	-	-	310,000	295,000	610,000	575,000	550,000	845,000	1,015,000
Interest and fiscal charges	-	-	-	13,795	26,628	46,344	72,200	97,233	132,265	178,252
Other expenditures:										
AEA flow-through	224,451	216,520	217,778	241,413	240,805	221,081	208,238	203,337	190,338	189,051
Total	\$ 7,412,454	7,479,605	7,537,510	7,732,440	7,357,465	7,905,987	7,303,098	6,843,518	7,021,311	6,786,904

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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the 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, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 18, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and 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 and corrected on a timely basis. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-14 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-B-14 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Westwood Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which 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, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Westwood Community School District's Responses to Findings

Westwood Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Westwood Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



NOLTE, CORNMAN & JOHNSON, P.C.

March 18, 2015
Newton, Iowa

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One individual has control over each of the following areas for the District:

- 1) Cash - initiating cash receipt and disbursement transactions and handling and recording cash.
- 2) Investments - investing, detailed recordkeeping, custody of investments and reconciling earnings.
- 3) Receipts - depositing, journalizing, posting and reconciling.
- 4) Disbursements - purchase order processing, check preparation and reconciling.
- 5) Inventories - ordering, receiving, issuing and storing.
- 6) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 7) Computer systems - performing all general accounting functions and controlling all data input and output.
- 8) School lunch program - journalizing, reconciling, and check preparation.

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 review current procedures and implement additional controls where possible.

Conclusion - Response accepted.

I-B-14 Credit Card Receipts - We noted the District uses a p-card system for credit purchases. However, we noted during our audit that an employee made purchases with this p-card and failed to turn in a detailed receipt of the purchase as support to the District office. Board policy 401.10 states that "employees using a school district credit card must submit a detailed receipt in addition to a credit card receipt indicating the date, purpose and nature of the expense for each claimed item."

Recommendation - The District should review procedures in place when employees use the District's credit card for expenses. Detailed receipts for all credit card purchases should be turned into the District central office as support as required by District policy 401.10.

Response - District will review credit card procedures and make necessary adjustments to comply with District credit card policy.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-14 Certified Budget - District disbursements for the year ended June 30, 2014 did not exceed the amounts budgeted.

II-B-14 Questionable Disbursements - We noted during our audit that the District purchased clothing for coaches out of the Football account within the Student Activity Fund.

Recommendation - Article III, Section 31 of the Constitution of the State of Iowa requires that public funds may only be spent for the public benefit. Since the Student Activity Fund is a “public fund” the District must determine the propriety and document the public purpose and public benefit to be derived. The District should establish a policy to preclude purchases of personal clothing from public funds, and/or define the exceptions, if any, including the requirement for Board consideration, documentation of public purpose and approval.

The District may wish to refrain from allowing public funds to be used to purchase personal items of clothing under any circumstances since this establishes a precedent which may be difficult to justify and/or administer fairly and consistently among employees and student groups.

A better alternative may be to ask the Booster Club or other affiliated organization to provide clothing such as team jackets for coaches, to District employees in lieu of using public funds.

Response - The District will monitor clothing purchase to ensure personal clothing for coaches are not made.

Conclusion - Response accepted.

II-C-14 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted and no travel advances to District officials or employees were noted.

II-D-14 Business Transactions - Business transactions between the District and District officials are noted as follows:

Name, Title and Business Connection	Transaction Description	Amount
Marla Jewett, Associate Husband owns Sloan Glass	Supplies	\$271
Cathy Wilt, Board Member Son-in law owns Steinhoff landscaping	Equipment Rental	\$3,030
Rob Copple, Board Member Wife is Cheerleading coach	Purchased Services	\$983
Lee Haveman, Board Member Assistant boys basketball coach	Purchased Services	\$2,049

In accordance with Attorney General's opinion dated November 9, 1976, the above transactions with the husband, son-in law, and wife of District employees do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Board members Rob Copple and Lee Haveman do not appear to represent a conflict of interest.

II-E-14 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-14 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board. However, we noted that the minutes were not always published in a timely manner.

Recommendation - The District should publish the minutes within two weeks of the Board meeting, as required by 279.35 of the Code of Iowa.

Response - The District will submit the minutes to be published within two weeks of the board meeting.

Conclusion - Response accepted.

II-G-14 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students certified was overstated by 0.90 due to a home school student being coded with an incorrect entry code for the fall 2012 enrollment count date.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this matter.

Response - The District's auditors will contact the Iowa Department of Education and Department of Management to resolve this matter.

Conclusion - Response accepted.

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

II-I-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

II-J-14 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-14 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.

II-L-14 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, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 1,063,821
Revenues:		
Sales tax revenues	\$ 473,505	
Other local revenues	1,808	475,313
		<u>1,539,134</u>
Expenditures:		
School infrastructure	\$ 184,662	
Equipment	120,235	
Other	209,707	514,604
		<u>514,604</u>
Ending balance		<u><u>\$ 1,024,530</u></u>

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