

WESTWOOD COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2013

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Westwood Community School District

Officials

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

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, 2013, 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, 2013, 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.

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 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 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 25, 2014 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 24, 2014
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, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$6,504,358 in fiscal 2012 to \$6,342,867 in fiscal 2013, while General Fund expenditures increased from \$6,043,480 in fiscal 2012 to \$6,302,577 in fiscal 2013. This resulted in an increase in the District's total fund balance from \$793,415 in fiscal 2012 to \$833,705 in fiscal 2013, which was a 5.08% increase from the prior year.
- The decrease in General Fund revenues was attributable to a decrease in state source revenues during fiscal 2013. The increase in General Fund expenditures was attributable to an increase in instructional expenditures.
- The District's solvency ratio decreased from 10.52% at June 30, 2012 to 9.01% at June 30, 2013.

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.

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.

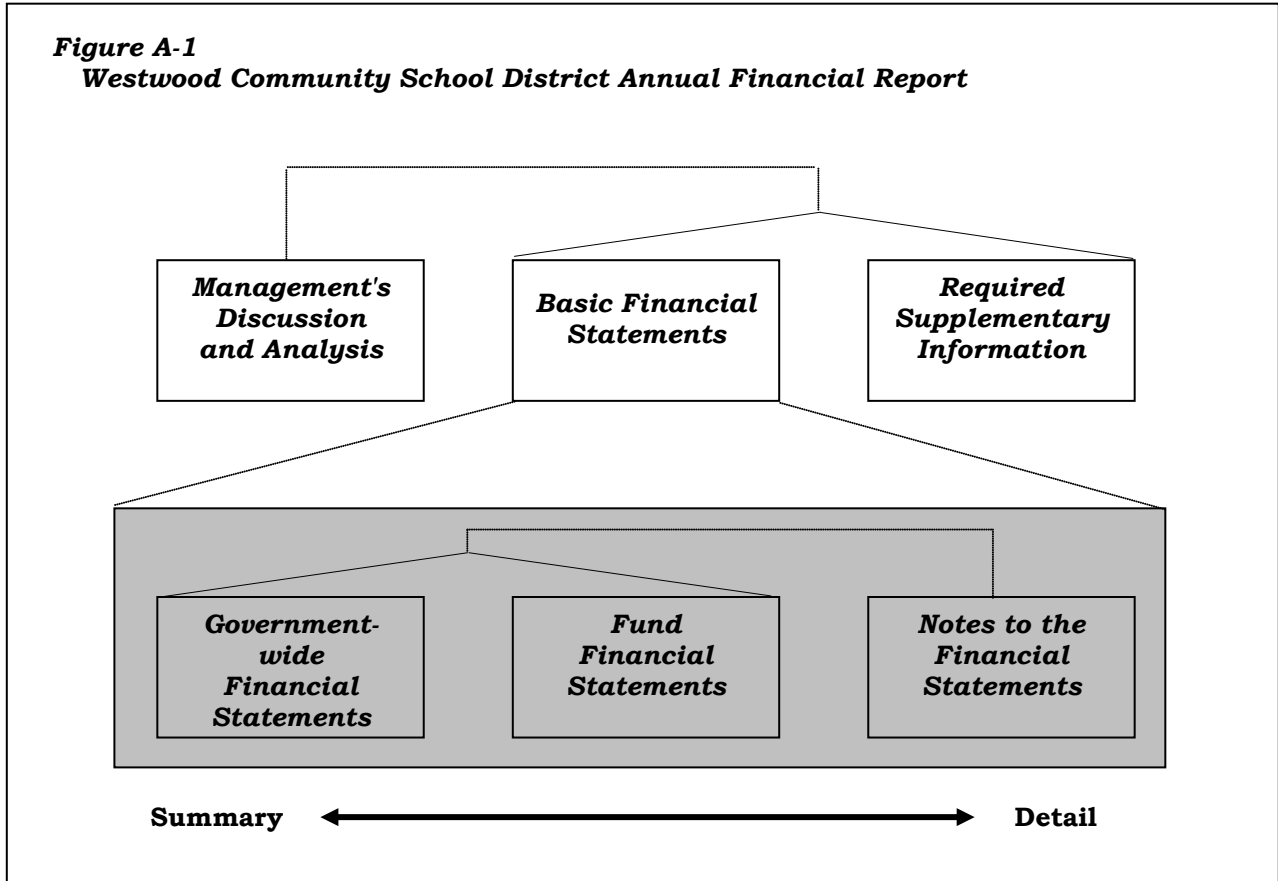


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain.

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 and liabilities. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – 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 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 fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net position at June 30, 2013 compared to June 30, 2012.

	Governmental Activities		Business type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Current and other assets	\$ 6,545,971	6,101,501	25,014	68,429	6,570,985	6,169,930	6.50%
Capital assets	7,347,758	7,565,411	15,799	18,996	7,363,557	7,584,407	-2.91%
Total assets	13,893,729	13,666,912	40,813	87,425	13,934,542	13,754,337	1.31%
Long-term obligations	65,939	35,159	2,845	1,319	68,784	36,478	88.56%
Other liabilities	4,153,438	4,032,288	2,615	598	4,156,053	4,032,886	3.05%
Total liabilities	4,219,377	4,067,447	5,460	1,917	4,224,837	4,069,364	3.82%
Net position:							
Invested in capital assets, net of related debt	7,347,758	7,565,411	15,799	18,996	7,363,557	7,584,407	-2.91%
Restricted	1,867,754	1,409,361	0	0	1,867,754	1,409,361	32.52%
Unrestricted	458,840	624,693	19,554	66,512	478,394	691,205	-30.79%
Total net position	\$ 9,674,352	9,599,465	35,353	85,508	9,709,705	9,684,973	0.26%

The District's combined net position increased by \$24,732, or 0.26% over 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 \$458,393, or 32.52% over the prior year. The increase was primarily due to an increase in the Capital Projects accounts balance.

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 – decreased \$212,811, or 30.79%. The majority of the decrease in unrestricted net position was due to the decrease in the fund balance of the Management Levy fund.

Figure A-4 shows the changes in net position for the years ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Changes of Net Position							
	Governmental Activities		Business type Activities		Total School District		Total Change
	2013	2012	2013	2012	2013	2012	2012-13
Revenues:							
Program revenues:							
Charges for service	\$ 908,765	748,570	128,379	135,195	1,037,144	883,765	17.36%
Operating grants, contributions and restricted interest	658,033	584,047	149,193	168,314	807,226	752,361	7.29%
Capital grants, contributions and restricted interest	-	23,119	-	-	-	23,119	-100.00%
General revenues:							
Property tax	3,421,109	3,201,956	-	-	3,421,109	3,201,956	6.84%
Income surtax	172,995	150,566	-	-	172,995	150,566	14.90%
Statewide sales, services and use tax	449,247	451,841	-	-	449,247	451,841	-0.57%
Unrestricted state grants	2,121,970	2,327,238	-	-	2,121,970	2,327,238	-8.82%
Nonspecific program federal grants	-	1,720	-	-	-	1,720	-100.00%
Unrestricted investment earnings	2,930	4,062	4	10	2,934	4,072	-27.95%
Other	35,077	97,311	690	-	35,767	97,311	-63.24%
Total revenues	7,770,126	7,590,430	278,266	303,519	8,048,392	7,893,949	1.96%
Program expenses:							
Governmental activities:							
Instruction	5,010,497	4,716,774	-	-	5,010,497	4,716,774	6.23%
Support services	2,230,402	2,421,255	-	-	2,230,402	2,421,255	-7.88%
Non-instructional programs	2,162	1,558	328,421	311,979	330,583	313,537	5.44%
Other expenses	452,178	453,436	-	-	452,178	453,436	-0.28%
Total expenses	7,695,239	7,593,023	328,421	311,979	8,023,660	7,905,002	1.50%
Change in net position	74,887	(2,593)	(50,155)	(8,460)	24,732	(11,053)	-323.76%
Net position beginning of year	9,599,465	9,602,058	85,508	93,968	9,684,973	9,696,026	-0.11%
Net position end of year	\$ 9,674,352	9,599,465	35,353	85,508	9,709,705	9,684,973	0.26%

In fiscal year 2013, property tax and unrestricted state grants accounted for 71.34% of the revenue from governmental activities while charges for service and operating grants, contributions, and restricted interest accounted for nearly all of the revenue from business type activities.

The District's total revenues were approximately \$8.05 million of which approximately \$7.77 million was for governmental activities and approximately \$0.28 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 1.96% increase in revenues and a 1.50% increase in expenses. The increase in revenues can be mainly attributed to the increase in charges for service and property tax revenues. The increase in expenses can be related to the increased expenditures in the instructional functional area.

Governmental Activities

Total revenues for all of the Districts' governmental activities were \$7,770,126 and expenses were \$7,695,239.

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, 2013 compared to the year ended June 30, 2012.

	Total Cost of Services			Net Cost of Services		
	2013	2012	Change 2012-13	2013	2012	Change 2012-13
Instruction	\$ 5,010,497	4,716,774	6.23%	3,704,094	3,601,935	2.84%
Support services	2,230,402	2,421,255	-7.88%	2,186,527	2,398,136	-8.82%
Non-instructional	2,162	1,558	38.77%	2,162	1,558	38.77%
Other expenses	452,178	453,436	-0.28%	235,658	235,658	0.00%
Totals	<u>\$ 7,695,239</u>	<u>7,593,023</u>	<u>1.35%</u>	<u>6,128,441</u>	<u>6,237,287</u>	<u>-1.75%</u>

For the year ended June 30, 2013:

- The cost financed by users of the District's programs was \$908,765.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$658,033.
- The net cost of governmental activities was financed with property tax of \$3,421,109, income surtax of \$172,995, statewide sales, services and use tax of \$449,247, unrestricted state grants of \$2,121,970, interest income of \$2,930 and other general revenues of \$35,077.

Business type Activities

Revenues for business type activities were \$278,266 and expenses were \$328,421. The District's only business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements, 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 \$2,232,123, an increase of \$327,491 from last year's ending fund balance of \$1,904,632.

Governmental Fund Highlights

- The District's increase in General Fund financial position from \$793,415 at June 30, 2012 to \$833,705 at June 30, 2013 is the product of many factors. The decrease in General Fund revenues can be attributed to the decrease in state source revenues. The increase in General Fund expenditures was attributable to an increase in instructional expenditures.

-
- The Capital Projects Fund balance increased from \$926,342 in fiscal 2012 to \$1,482,820 in fiscal 2013. This increase was attributable to the District transferring excess funds from the Debt Service Fund to the Capital Projects: Physical Plant & Equipment Levy.
 - The Management Levy Fund decreased from a deficit balance of \$165,906 in fiscal 2012 to a deficit balance of \$187,318 in fiscal 2013. The decrease is attributable to more expenditures than revenues received.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$85,508 in fiscal 2012 to \$35,353 in fiscal 2013, representing a decrease of 58.66%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$116,373 more than budgeted receipts, a variance of 1.47%. The most significant percentage variance resulted from the District receiving more in federal 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.

In spite of the District's budgetary practices, the certified budget was exceeded in the instructional functional area.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$7,363,557, 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 5 to the financial statements. Depreciation expense for the year was \$399,948.

The original cost of the District's capital assets was approximately \$13.60 million. Governmental funds account for approximately \$13.43 million, with the remainder of approximately \$0.17 million accounted for in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$74,444 at June 30, 2013, compared to \$0 reported at June 30, 2012. This increase is attributable to the District constructing a new playground.

Figure A-6							
Capital Assets, Net of Depreciation							
	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Land	\$ 76,000	76,000	-	-	76,000	76,000	0.00%
Construction in progress	74,444	-	-	-	74,444	-	100.00%
Buildings	6,551,114	6,768,453	-	-	6,551,114	6,768,453	-3.21%
Land improvements	127,614	145,933	-	-	127,614	145,933	-12.55%
Machinery and equipment	518,586	575,025	15,799	18,996	534,385	594,021	-10.04%
Total	\$ 7,347,758	7,565,411	15,799	18,996	7,363,557	7,584,407	-2.91%

Long-Term Debt

At June 30, 2013, the District had \$68,784 in long-term debt outstanding. This represents an increase of 88.56% from last year. (See Figure A-7 Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District had an outstanding other postemployment benefits of \$58,850 from the General Fund and \$2,845 from the Nutrition Fund AT June 30, 2013.

The District had an outstanding compensated absences balance of \$7,089 at June 30, 2013.

Figure A-7							
Outstanding Long-Term Obligations							
	Governmental		Business type		Total		Total
	Activities		Activities		School District		Change
	June 30,		June 30,		June 30,		June 30,
	2013	2012	2013	2012	2013	2012	2012-13
Net OPEB liability	58,850	29,790	2,845	1,319	61,695	31,109	98.32%
Compensated absences	7,089	5,369	-	-	7,089	5,369	32.04%
Total	\$ 65,939	35,159	2,845	1,319	68,784	36,478	88.56%

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.

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, 2013

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,295,712	15,913	2,311,625
Receivables:			
Property tax:			
Delinquent	31,127	-	31,127
Succeeding year	3,549,518	-	3,549,518
Income surtax	160,410	-	160,410
Accounts	59,046	155	59,201
Due from other governments	450,158	-	450,158
Inventories	-	8,946	8,946
Capital assets, net of accumulated depreciation	7,347,758	15,799	7,363,557
TOTAL ASSETS	13,893,729	40,813	13,934,542
LIABILITIES			
Accounts payable	296,463	144	296,607
Salaries and benefits payable	307,457	959	308,416
Deferred revenue:			
Succeeding year property tax	3,549,518	-	3,549,518
Unearned revenue	-	1,512	1,512
Long-term liabilities:			
Portion due within one year:			
Compensated absences	7,089	-	7,089
Portion due after one year:			
Net OPEB liability	58,850	2,845	61,695
TOTAL LIABILITIES	4,219,377	5,460	4,224,837
NET POSITION			
Invested in capital assets, net of related debt	7,347,758	15,799	7,363,557
Restricted for:			
Categorical funding	282,018	-	282,018
School infrastructure	1,063,821	-	1,063,821
Physical plant and equipment	418,999	-	418,999
Student activities	102,916	-	102,916
Unrestricted	458,840	19,554	478,394
TOTAL NET POSITION	\$ 9,674,352	35,353	9,709,705

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Gov- ern- mental Activities	Busi- ness Type Activities	Total
Functions/Programs:						
Governmental activities:						
Instruction:						
Regular	\$ 2,670,129	299,040	51,553	(2,319,536)	-	(2,319,536)
Special	1,183,850	172,127	61,806	(949,917)	-	(949,917)
Other	1,156,518	437,598	284,279	(434,641)	-	(434,641)
	5,010,497	908,765	397,638	(3,704,094)	-	(3,704,094)
Support services:						
Student	122,232	-	-	(122,232)	-	(122,232)
Instructional staff	254,826	-	-	(254,826)	-	(254,826)
Administration	588,691	-	-	(588,691)	-	(588,691)
Operation and maintenance of plant	563,189	-	-	(563,189)	-	(563,189)
Transportation	701,464	-	43,875	(657,589)	-	(657,589)
	2,230,402	-	43,875	(2,186,527)	-	(2,186,527)
Non-instructional programs:						
Food service operations	2,162	-	-	(2,162)	-	(2,162)
Other expenses:						
AEA flowthrough	216,520	-	216,520	-	-	-
Depreciation(unallocated)*	235,658	-	-	(235,658)	-	(235,658)
	452,178	-	216,520	(235,658)	-	(235,658)
Total governmental activities	7,695,239	908,765	658,033	(6,128,441)	-	(6,128,441)
Business type activities:						
Non-instructional programs:						
Nutrition services	328,421	128,379	149,193	-	(50,849)	(50,849)
Total business type activities	328,421	128,379	149,193	-	(50,849)	(50,849)
Total	\$ 8,023,660	1,037,144	807,226	(6,128,441)	(50,849)	(6,179,290)
General Revenues:						
Property tax levied for:						
General purposes				\$ 3,329,322	-	3,329,322
Capital outlay				91,787	-	91,787
Income surtax				172,995	-	172,995
Statewide sales, services and use tax				449,247	-	449,247
Unrestricted state grants				2,121,970	-	2,121,970
Unrestricted investment earnings				2,930	4	2,934
Other				35,077	690	35,767
Total general revenues				6,203,328	694	6,204,022
Change in net position				74,887	(50,155)	24,732
Net position beginning of year				9,599,465	85,508	9,684,973
Net position end of year				\$ 9,674,352	35,353	9,709,705

* 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, 2013

	General	Management Levy	Capital Projects	Nonmajor Student Activity	Total
ASSETS					
Cash and cash equivalents	\$ 638,568	84,484	1,452,933	119,727	2,295,712
Receivables:					
Property tax:					
Delinquent	26,246	3,656	824	401	31,127
Succeeding year	2,952,933	500,000	96,585	-	3,549,518
Income surtax	160,410	-	-	-	160,410
Accounts	59,046	-	-	-	59,046
Due from other funds	-	-	42,128	-	42,128
Due from other governments	374,028	-	76,130	-	450,158
TOTAL ASSETS	\$ 4,211,231	588,140	1,668,600	120,128	6,588,099
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 42,128	-	-	-	42,128
Accounts payable	185,847	4,209	89,195	17,212	296,463
Salaries and benefits payable	36,208	271,249	-	-	307,457
Deferred revenue:					
Succeeding year property tax	2,952,933	500,000	96,585	-	3,549,518
Income surtax	160,410	-	-	-	160,410
Total liabilities	3,377,526	775,458	185,780	17,212	4,355,976
Fund balances:					
Restricted for:					
Categorical funding	282,018	-	-	-	282,018
School infrastructure	-	-	1,063,821	-	1,063,821
Physical plant and equipment	-	-	418,999	-	418,999
Student activities	-	-	-	102,916	102,916
Unassigned:					
General	551,687	-	-	-	551,687
Management levy purposes	-	(187,318)	-	-	(187,318)
Total fund balances	833,705	(187,318)	1,482,820	102,916	2,232,123
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,211,231	588,140	1,668,600	120,128	6,588,099

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Total fund balances of governmental funds (page 20)	\$	2,232,123
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		7,347,758
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.		160,410
Long-term liabilities, including other postemployment benefits payable and compensated absences payable are not due and payable in the current period, therefore, are not reported in the governmental funds.		(65,939)
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities (page 18)	\$	9,674,352
		<hr style="border-top: 3px double black;"/>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General	Management Levy	Capital Projects	Nonmajor Student Activity	Nonmajor Debt Service	Total
Revenues:						
Local sources:						
Local tax	\$ 3,099,377	407,111	541,034	-	-	4,047,522
Tuition	396,896	-	-	-	-	396,896
Other	121,750	6,481	1,994	436,023	222	566,470
State sources	2,471,062	-	24,236	-	-	2,495,298
Federal sources	225,983	-	42,128	-	-	268,111
Total revenues	6,315,068	413,592	609,392	436,023	222	7,774,297
Expenditures:						
Current:						
Instruction:						
Regular	2,337,031	324,385	17,882	-	-	2,679,298
Special	1,178,583	-	-	-	-	1,178,583
Other	743,680	-	1,805	406,866	-	1,152,351
	4,259,294	324,385	19,687	406,866	-	5,010,232
Support services:						
Student	119,620	2,162	-	-	-	121,782
Instructional staff	187,039	720	86,313	-	-	274,072
Administration	556,991	22,895	-	-	-	579,886
Operation and maintenance of plant	407,830	59,351	21,039	-	-	488,220
Transportation	555,283	23,329	43,901	-	-	622,513
	1,826,763	108,457	151,253	-	-	2,086,473
Non-instructional programs:						
Food service operations	-	2,162	-	-	-	2,162
Capital outlay	-	-	164,218	-	-	164,218
Other expenditures:						
AEA flowthrough	216,520	-	-	-	-	216,520
Total expenditures	6,302,577	435,004	335,158	406,866	-	7,479,605
Excess(Deficiency) of revenues over(under) expenditures	12,491	(21,412)	274,234	29,157	222	294,692
Other financing sources(uses):						
Transfer in	-	-	277,244	-	-	277,244
Transfer out	-	-	-	-	(277,244)	(277,244)
Sale of equipment	300	-	-	-	-	300
Insurance proceeds	27,499	-	5,000	-	-	32,499
Total other financing sources(uses)	27,799	-	282,244	-	(277,244)	32,799
Change in fund balances	40,290	(21,412)	556,478	29,157	(277,022)	327,491
Fund balance beginning of year	793,415	(165,906)	926,342	73,759	277,022	1,904,632
Fund balance end of year	\$ 833,705	(187,318)	1,482,820	102,916	-	2,232,123

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, 2013

Change in fund balances - total governmental funds (page 22) \$ 327,491

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

Capital outlay	\$ 242,753	
Depreciation expense	(396,751)	
Loss on asset disposal	(63,655)	(217,653)

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.		(4,171)
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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	(29,060)	
Compensated absences	(1,720)	(30,780)

Change in net position of governmental activities (page 19) \$ 74,887

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	School Nutrition
ASSETS	
Cash and cash equivalents	\$ 15,913
Accounts receivable	155
Inventories	8,946
Capital assets, net of accumulated depreciation	15,799
TOTAL ASSETS	40,813
LIABILITIES	
Accounts payable	144
Salaries and benefits payable	959
Unearned revenue	1,512
Net OPEB liability	2,845
TOTAL LIABILITIES	5,460
NET POSITION	
Invested in capital assets	15,799
Unrestricted	19,554
TOTAL NET POSITION	\$ 35,353

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Operating revenues:	
Local sources:	
Charges for service	\$ 128,379
Miscellaneous	690
Total operating revenues	129,069
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	117,854
Benefits	51,131
Services	3,725
Supplies	152,514
Depreciation	3,197
Total operating expenses	328,421
Operating loss	(199,352)
Non-operating revenues (expenses):	
State sources	2,784
Federal sources	146,409
Interest on investments	4
Total non-operating revenues (expenses)	149,197
Change in net position	(50,155)
Net position beginning of year	85,508
Net position end of year	\$ 35,353

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 129,881
Cash received from miscellaneous	690
Cash payments to employees for services	(166,500)
Cash payments to suppliers for goods or services	(130,829)
Net cash used in operating activities	(166,758)
Cash flows from non-capital financing activities:	
State grants received	2,784
Federal grants received	126,470
Net cash provided by non-capital financing activities	129,254
Cash flows from investing activities:	
Interest on investments	4
Net decrease in cash and cash equivalents	(37,500)
Cash and cash equivalents at beginning of year	53,413
Cash and cash equivalents at end of year	\$ 15,913
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (199,352)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	19,939
Depreciation	3,197
Decrease in inventories	5,925
Increase in accounts receivable	(10)
Decrease in accounts payable	(454)
Increase in salaries and benefits payable	959
Increase in unearned revenue	1,512
Increase in other postemployment benefits	1,526
Net cash used in operating activities	\$ (166,758)

Non-cash investing, capital and related financing activities:

During the year ended June 30, 2013, the District received
Federal commodities valued at \$19,939.

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUND
 JUNE 30, 2013

	<u>Private Purpose Trust</u>	<u>Scholarship</u>
ASSETS		
Cash and cash equivalents	\$	24,121
LIABILITIES		-
NET POSITION		
Restricted for scholarships	\$	<u>24,121</u>

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 YEAR ENDED JUNE 30, 2013

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Contributions	\$ 2,800
Interest	282
Total additions	3,082
Deductions:	
Instruction:	
Regular:	
Scholarships awarded	4,000
Change in net position	(918)
Net position beginning of year	25,039
Net position end of year	\$ 24,121

SEE NOTES TO FINANCIAL STATEMENTS.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

(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 (previously referred to as net assets) and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of 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 and liabilities, with the difference reported as net position. Net position is reported in three categories:

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

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

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

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

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

The District reports the following major governmental funds:

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

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

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

The District reports the following nonmajor proprietary fund:

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

The District also reports a fiduciary fund which focuses on net 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 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, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2012.

Due from and Due to Other Funds - To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund accounts receivable or payable have been recorded.

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

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

Capital Assets - Capital assets, which include property, machinery, equipment and intangibles are reported in the applicable governmental or business type activities columns in the government-wide statement of net 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 (In Years)
Buildings	50 years
Land improvements	20 years
Intangibles	2 or more years
Machinery and equipment	5-50 years

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

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

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

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

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. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures exceeded the amounts budgeted in the instructional functional area.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2013 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, 2013, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio which are valued at an amortized cost of \$142,340 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) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects: Physical Plant and Equipment Levy	General	<u>\$ 42,128</u>

The General Fund is repaying the Capital Projects: Physical Plant and Equipment Fund for BEAP expenses paid during the year.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
Capital Projects: Physical Plant and Equipment Levy	Debt Service	<u>\$ 277,244</u>

The transfer from Debt Service to Capital Projects: Physical Plant and Equipment was needed to move excess funds from Debt Service.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2013 is as follows:

	Balance			Balance	
	Beginning	Of Year	Increases	Decreases	End
Business type activities:					
Machinery and equipment	\$ 165,061	-	-	-	165,061
Less accumulated depreciation	146,065	3,197	-	-	149,262
Business type activities capital assets, net	<u>\$ 18,996</u>	<u>(3,197)</u>	-	-	<u>15,799</u>

	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	-	74,444
Total capital assets not being depreciated	76,000	74,444	-	150,444
Capital assets being depreciated:				
Buildings	10,785,243	-	-	10,785,243
Land improvements	806,906	-	-	806,906
Machinery and equipment	1,644,063	168,309	123,195	1,689,177
Total capital assets being depreciated	13,236,212	168,309	123,195	13,281,326
Less accumulated depreciation for:				
Buildings	4,016,791	217,338	-	4,234,129
Land improvements	660,972	18,320	-	679,292
Machinery and equipment	1,069,038	161,093	59,540	1,170,591
Total accumulated depreciation	5,746,801	396,751	59,540	6,084,012
Total capital assets being depreciated, net	7,438,984	(228,442)	63,655	7,197,314
Governmental activities capital assets, net	\$ 7,514,984	(153,998)	63,655	7,347,758

Depreciation expense was charged by the District as follows:

Governmental activities:		
Instruction:		
Regular		\$ 5,238
Other		6,047
Support services:		
Instructional staff		14,921
Administration		3,364
Operation and maintenance of plant		4,908
Transportation		126,615
		<u>161,093</u>
Unallocated depreciation		<u>235,658</u>
Total governmental activities depreciation expense		<u>\$ 396,751</u>
Business type activities:		
Food services		<u>\$ 3,197</u>

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2013 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Net OPEB liability	29,790	29,060	-	58,850	-
Compensated absences:	5,369	7,089	5,369	7,089	7,089
Total	\$ 35,159	36,149	-	65,939	7,089
Business Type Activities:					
Net OPEB liability	\$ 1,319	1,526	-	2,845	-

(7) 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 5.78% of their annual covered salary and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$325,226, \$304,407, and \$264,993, respectively, equal to the required contributions for each year.

(8) 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 109 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

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

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

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

The following table shows the components of the District's OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 36,367
Interest on net OPEB obligation	778
Adjustment to annual required contribution	(2,011)
Annual OPEB cost	<u>35,134</u>
Contributions made	(4,548)
Increase in net OPEB obligation	<u>30,586</u>
Net OPEB obligation beginning of year	<u>31,109</u>
Net OPEB obligation end of year	<u><u>\$ 61,695</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, 2013.

For the year ended June 30, 2013, the District contributed \$4,548 to the medical plan. Plan members eligible for benefits contributed \$0, or 0% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 17,472	46.16%	\$ 25,192
2012	8,737	3.20%	31,109
2013	35,134	12.95%	61,695

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$283,647, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$283,647. The covered payroll (annual payroll of active employees covered by the plan) was \$2,239,887, and the ratio of the UAAL to covered payroll was 12.66%. As of June 30, 2013 there were no trust fund assets.

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

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

As of July 1, 2012 actuarial valuation date, the Frozen Entry Age Actuarial Cost Method was used. The actuarial assumptions includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

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

(9) Risk Management

The District is a member in the Iowa School Employees Benefits Association (ISEBA), an Iowa Code Chapter 28E organization. ISEBA is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. The Association was formed in July 1999 for the purpose of managing and funding employee benefits. The Association provides coverage and protection in the following categories: medical and vision. District contributions to ISEBA for the year ended June 30, 2013 were \$436,544.

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.

(10) 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 \$216,520 for the year ended June 30, 2013 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2013 is comprised of the following programs:

Project	Amount
Gifted and Talented Programs	\$ 62
Teacher Salary Supplement	36,053
Four-year-old Preschool State Aid	189,611
Professional Development	52,251
Educator Quality - Market Factor Incentives	4,041
Total	\$ 282,018

(12) Deficit Unassigned Fund Balance

At June 30, 2013, the District had a deficit unassigned fund balance in the Management Levy Fund of \$187,318.

(13) Budget Overexpenditure

Per the Code of Iowa, expenditures may not legally exceed budget appropriations at the functional area level. During the year ended June 30, 2013, expenditures in the instruction functional area exceeded the budgeted amounts.

WESTWOOD COMMUNITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

WESTWOOD COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND
 CHANGES IN BALANCES - BUDGET AND ACTUAL -
 ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2013

	Governmental	Proprietary	Total	Budgeted Amounts		Final to
	Fund Types	Fund Type		Original	Final	Actual
	Actual	Actual				Actual
Revenues:						
Local sources	\$ 5,010,888	129,073	5,139,961	5,072,587	5,072,587	67,374
Intermediate sources	-	-	-	14,524	14,524	(14,524)
State sources	2,495,298	2,784	2,498,082	2,521,366	2,521,366	(23,284)
Federal sources	268,111	146,409	414,520	327,713	327,713	86,807
Total revenues	<u>7,774,297</u>	<u>278,266</u>	<u>8,052,563</u>	<u>7,936,190</u>	<u>7,936,190</u>	<u>116,373</u>
Expenditures/Expenses:						
Instruction	5,010,232	-	5,010,232	4,973,576	4,973,576	(36,656)
Support services	2,086,473	-	2,086,473	2,591,524	2,591,524	505,051
Non-instructional programs	2,162	328,421	330,583	362,319	362,319	31,736
Other expenditures	380,738	-	380,738	1,044,153	1,044,153	663,415
Total expenditures/expenses	<u>7,479,605</u>	<u>328,421</u>	<u>7,808,026</u>	<u>8,971,572</u>	<u>8,971,572</u>	<u>1,163,546</u>
Excess(Deficiency) of revenues over(under) expenditures/expenses	294,692	(50,155)	244,537	(1,035,382)	(1,035,382)	1,279,919
Other financing sources, net	32,799	-	32,799	1,785	1,785	31,014
Excess(Deficiency) of revenues and other financing sources over(under) expenditures/expenses	327,491	(50,155)	277,336	(1,033,597)	(1,033,597)	1,310,933
Balance beginning of year	1,904,632	85,508	1,990,140	1,446,692	1,446,692	543,448
Balance end of year	<u>\$ 2,232,123</u>	<u>35,353</u>	<u>2,267,476</u>	<u>413,095</u>	<u>413,095</u>	<u>1,854,381</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2013

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 ended June 30, 2013, expenditures in the instruction functional area exceeded the amounts budgeted.

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%

See Note 8 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
 CAPITAL PROJECT ACCOUNTS
 JUNE 30, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash and cash equivalents	\$ 1,001,042	451,891	1,452,933
Receivables:			
Property tax:			
Delinquent	-	824	824
Succeeding year	-	96,585	96,585
Due from other funds	-	42,128	42,128
Due from other governments	76,130	-	76,130
TOTAL ASSETS	\$ 1,077,172	591,428	1,668,600
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,351	75,844	89,195
Deferred revenue:			
Succeeding year property tax	-	96,585	96,585
Total liabilities	13,351	172,429	185,780
Fund balances:			
Restricted for:			
School infrastructure	1,063,821	-	1,063,821
Physical plant and equipment	-	418,999	418,999
Total fund balances	1,063,821	418,999	1,482,820
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,077,172	591,428	1,668,600

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, 2013

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 449,247	91,787	541,034
Other	1,459	535	1,994
State sources	24,236	-	24,236
Federal sources	-	42,128	42,128
Total revenues	<u>474,942</u>	<u>134,450</u>	<u>609,392</u>
Expenditures:			
Current:			
Instruction:			
Regular	17,882	-	17,882
Other	1,805	-	1,805
Support services:			
Instructional staff	51,467	34,846	86,313
Operation and maintenance of plant	-	21,039	21,039
Transportation	1,237	42,664	43,901
Other expenditures:			
Capital outlay	89,774	74,444	164,218
Total expenditures	<u>162,165</u>	<u>172,993</u>	<u>335,158</u>
Other financing sources:			
Transfers in	-	277,244	277,244
Insurance proceeds	5,000	-	5,000
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>277,244</u>	<u>282,244</u>
Change in fund balances	317,777	238,701	556,478
Fund balances beginning of year	746,044	180,298	926,342
Fund balances end of year	<u>\$ 1,063,821</u>	<u>418,999</u>	<u>1,482,820</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, 2013

Account	Balance Beginning of Year	Revenues	Expendi- tures	Intrafund Transfers	Balance End of Year
Miscellaneous Student Activity	\$ 35	81	-	-	116
Concession Stand	64	23,409	21,196	-	2,277
Elementary Band	38	574	799	188	1
Elem. Student Affairs	600	-	-	(100)	500
Elem. Student Council	787	-	-	-	787
Westwood PTO	70	-	-	-	70
Plays	55	1,309	886	-	478
Musical	2,405	-	-	-	2,405
Madrigal	1	2,291	4,157	2,548	683
Music Boosters	3,522	2,301	3,510	(1,488)	825
Vocal Music	1,870	10,710	11,228	(1,132)	220
Rebelaires	1,254	38,865	32,477	7,443	15,085
Show Choir Invitational	6,911	61,668	47,909	(15,207)	5,463
Vocal Trip	-	80,257	87,277	7,391	371
Instrumental Music	219	5,144	3,204	1,357	3,516
Jazz Band	796	2,630	2,072	(1,351)	3
Cross Country	-	1,370	1,511	141	-
Boy's Basketball	-	3,686	3,593	24	117
Football	1,775	13,963	15,927	189	-
Baseball	26	3,350	3,631	515	260
Boy's Track	75	1,087	3,022	1,863	3
Boy's Golf	133	387	672	155	3
Wrestling	280	3,981	5,766	1,508	3
Girl's Basketball	-	7,586	6,880	-	706
Volleyball	952	4,865	2,528	68	3,357
Softball	202	3,603	3,779	-	26
Girl's Track	63	1,720	2,227	445	1
Girl's Golf	54	-	-	-	54
Spanish Club	511	242	314	-	439
Industrial Tech. Club	-	1,210	1,210	-	-
Student Affairs	148	537	662	100	123
Annual	8,483	5,955	5,181	-	9,257
National Honor Society	745	2,209	2,891	-	63
Quiz Bowl	153	647	582	-	218
Future Problem Solving	1,015	1,750	1,750	-	1,015
Weight Room	16	-	-	-	16
FFA	228	47,927	48,272	120	3
FFA Trust	43	516	251	(120)	188
FHA	12	-	-	-	12
Media Club	146	-	-	-	146
Athletic Boosters	28,533	61,027	48,868	(2,510)	38,182
Season Passes	166	9,074	3,674	(4,583)	983
Class of 2010	331	-	-	-	331
Class of 2011	638	-	-	-	638
Class of 2012	3,902	-	-	-	3,902
Class of 2013	21	862	539	84	428
Class of 2014	-	2,214	2,281	67	-
HS Student Council	1,143	5,017	4,610	-	1,550
Football Cheerleaders	271	2,672	1,390	182	1,735
Basketball Cheerleaders	-	1,341	1,192	110	259
Wrestling Cheerleading	1	57	-	-	58
Drill Team	2,006	4,849	8,846	1,993	2
After Prom Party	3,060	13,080	10,102	-	6,038
Total	\$ 73,759	436,023	406,866	-	102,916

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 JUNE 30, 2013

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	Total
ASSETS						
Cash and cash equivalents	\$ 255	6,704	9,752	6,756	654	24,121
LIABILITIES	-	-	-	-	-	-
NET POSITION						
Restricted for scholarships	\$ 255	6,704	9,752	6,756	654	24,121

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

WESTWOOD COMMUNITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST - SCHOLARSHIP FUNDS
 YEAR ENDED JUNE 30, 2013

	Mehl Scholarship	Tott Scholarship	Hopkins Scholarship	Weikel Scholarship	Rice Scholarship	FFA Scholarship	Athletic Boosters Scholarship	Music Boosters Scholarship	Total
Additions:									
Local sources:									
Contributions	\$ -	-	-	-	-	500	1,800	500	2,800
Interest	-	150	46	76	10	-	-	-	282
Total additions	-	150	46	76	10	500	1,800	500	3,082
Deductions:									
Instruction:									
Regular:									
Scholarships awarded	-	500	500	-	200	500	1,800	500	4,000
Change in net position	-	(350)	(454)	76	(190)	-	-	-	(918)
Net position beginning of year	255	7,054	10,206	6,680	844	-	-	-	25,039
Net position end of year	\$ 255	6,704	9,752	6,756	654	-	-	-	24,121

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

	Modified Accrual Basis									
	Years Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local sources:										
Local tax	\$ 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	3,694,553
Tuition	396,896	376,303	297,127	323,864	341,478	393,580	364,395	340,776	247,314	303,419
Other	566,470	506,602	531,338	510,137	455,024	495,463	594,561	493,369	387,476	454,843
State sources	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	2,235,401
Federal sources	268,111	241,709	395,297	570,494	261,481	168,332	160,736	146,837	148,300	173,376
Total	\$ 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	6,861,592
Expenditures:										
Instruction:										
Regular	\$ 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	2,299,687
Special	1,178,583	929,163	872,333	862,623	867,594	803,722	696,062	767,795	717,390	795,993
Other	1,152,351	1,132,082	1,207,128	1,063,626	960,146	810,222	713,209	694,697	681,518	539,839
Support services:										
Student	121,782	114,992	113,895	147,755	186,623	166,320	153,284	145,840	144,734	137,146
Instructional staff	274,072	284,438	378,051	193,461	262,731	177,049	172,518	193,769	123,536	97,427
Administration	579,886	836,471	690,395	684,436	798,100	690,337	682,910	598,678	580,160	570,496
Operation and maintenance of plant	488,220	360,476	417,089	445,862	452,660	420,190	397,535	354,575	368,832	355,605
Transportation	622,513	737,445	650,518	524,309	607,830	544,307	493,383	489,195	436,236	454,468
Non-instructional programs	2,162	1,558	29,528	1,337	3,258	4,846	824	757	737	704
Capital Outlay	164,218	253,032	266,263	352,182	192,426	293,855	230,744	208,371	96,863	145,996
Long-term debt:										
Principal	-	-	310,000	295,000	610,000	575,000	550,000	845,000	1,015,000	965,000
Interest and fiscal charges	-	-	13,795	26,628	46,344	72,200	97,233	132,265	178,252	218,792
Other expenditures:										
AEA flow-through	216,520	217,778	241,413	240,805	221,081	208,238	203,337	190,338	189,051	193,525
Total	\$ 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	6,774,678

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

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

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

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

We have audited 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, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2014.

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-13 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-13 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, 2013 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.

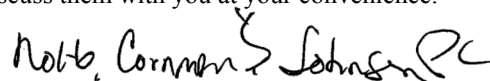
Westwood Community School District's Responses to Findings

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 25, 2014
Newton, Iowa

WESTWOOD COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2013

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

I-A-13 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) Wire transfers - processing and approving.
- 7) Payroll - recording approved pay rates and deductions, recordkeeping, preparation, posting and distribution.
- 8) Computer systems - performing all general accounting functions and controlling all data input and output.
- 9) School lunch program - collecting and recording; journalizing, posting, reconciling, purchase order processing 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 continue to review its procedures and implement additional controls where possible to mitigate deficiencies.

Conclusion - Response accepted.

I-B-13 Purchase Orders - We noted during our audit that in the Student Activity Fund several purchase orders were dated after the invoice date. We also noted instances of transactions processed without purchase orders.

Recommendation - The advantage of using a purchase order system is that approvals of the items being purchased are noted prior to ordering of the items. In addition, when the items are approved and the purchase order is properly generated, it also reflects on the financial records as an outstanding order, which represents the amount as an obligation

against the budget. When monitoring actual expenses, it can be helpful to know the outstanding orders which will be subsequently paid, therefore allowing the person who approves purchase orders the insight to know if there is still available funding to make the purchase.

Although districts are not required to use a purchase order system, the benefits to financial management make the system desirable. The District's current purchase order system should be reviewed and necessary changes made so that all disbursements are approved by the appropriate administrator before ordering of supplies takes place.

Response - The District will review its purchasing procedures to ensure purchase orders are approved before the purchase is made.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

II-A-13 Certified Budget - District disbursements for the year ended June 30, 2013 exceeded the amounts budgeted in the instructional functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - In the future, the budget will be amended prior to expenditures exceeding the budgeted amounts.

Conclusion - Response accepted.

II-B-13 Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

II-C-13 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. However, we noted during our audit that an employee made purchases while on District business but failed to turn in a detailed receipt of the purchase 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. Failure to provide a proper receipt shall make the employee responsible for expenses incurred".

Recommendation - The District should review procedures in place when employees use the District's credit card for expenses. Detailed receipts should be turned into the District central office for processing travel expenses. If detailed receipts are not available, the cost should be borne by the employee in accordance with District policy.

Response - The District will review its procedures to ensure Board Policy 401.10 is followed when travel receipts are submitted for reimbursement.

Conclusion - Response accepted.

II-D-13 Business Transactions - No business transactions between the District and District officials were noted.

II-E-13 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-13 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-13 Certified Enrollment - No variance in the basic enrollment data certified to the Department of Education were noted.
- II-H-13 Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- II-I-13 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-13 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-13 Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds. However, we did note that the District increased its teacher salary supplement carryover balance by \$15,152.44 during fiscal 2013. This increase in carryover balance appears to be more than a de minimus amount allowed by Chapter 281-98.25 of the Code of Iowa.

Recommendation - The District's teacher salary supplement allocation is to be fully expended in the fiscal year for which it is allocated. However, in the event there is a small amount remaining and it would not be cost effective to allocate the remainder the District can carry forward the remainder and add it to the amount to be allocated in the subsequent fiscal year. The District should add its additional carryover to its 2014 allocation to be spent out in fiscal 2014 to be in compliance with Chapter 281-98.25 of the code of Iowa.

Response - The District will expend the teacher salary supplement funds in fiscal 2014 with a minimal amount carried forward.

Conclusion - Response accepted.

- II-L-13 Deficit Balances - The Management Levy Fund had a deficit unassigned fund balance of \$187,318 at June 30, 2013.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit.

Response - The District will continue to monitor the deficit and adjust the management levy as needed.

Conclusion - Response accepted.

- II-M-13 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, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$	746,044
Revenues:			
Sales tax revenues	\$	449,247	
Other local revenues		6,459	
School infrastructure supplemental amount		<u>24,236</u>	<u>479,942</u>
			1,225,986
Expenditures:			
School infrastructure	\$	37,066	
Equipment		66,965	
Other		<u>58,134</u>	<u>162,165</u>
Ending balance			<u>\$ 1,063,821</u>

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.