

WESTWOOD INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2010

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2010

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CERTIFICATE OF BOARD

Westwood Independent School District
Name of School District

Anderson
County

001-908
Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and _____ approved _____ disapproved for the year ended August 31, 2010 at a meeting of the board of school trustees of such school district on the _____ day of _____, 2010.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is(are):
(attach list as necessary)

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Marlin R. Smith, CPA
J. W. Lambright, CPA

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P. O. Box 912
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Athens, Texas 75751
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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER SUPPLEMENTARY INFORMATION
INCLUDING THE SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

Board of School Trustees
Westwood Independent School District
P. O. Box 260
Palestine, Texas 75802

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Westwood Independent School District (the "District"), as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

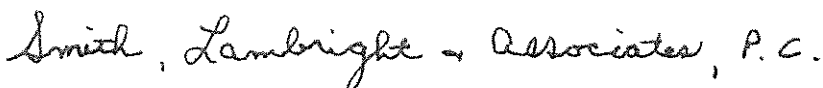
In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other 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* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedule - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The Budgetary Comparison Schedule - General Fund and combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Fund Balance and Cash Flow Calculation Worksheet) which is marked UNAUDITED and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

October 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS



“Building a Foundation of Excellence”

Dr. Ed Lyman, Superintendent

Tricia Wardell, Finance Director

WESTWOOD INDEPENDENT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Westwood Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2010. Please read it in conjunction with our transmittal letter, the independent auditors' report, and the District's Basic Financial Statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply a basis for tax levies and the appropriations budget. The fiduciary statement provides financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the District.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds in the Required Supplementary Information section contain additional information about the District's individual funds. The sections labeled Other Supplementary Information and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

P.O. Box 260 . Palestine, TX 75802 . 903/729-1776

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations is contained in the independent auditor's report. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities include all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U. S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues) and revenues provided by the taxpayers or by TEA in equalization funding process (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future year.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, one should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, we present the District's one kind of basic activity:

Governmental activities - All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements, found in the independent auditor's report, provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants under the No Child Left Behind Act from the U. S. Department of Education. The District's administration establishes many other funds to help control and manage money for particular purposes (such as campus activities).

Governmental funds—The District’s basic services are reported in governmental funds. These use the modified accrual basis of accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District’s general operations and the basic services it provides. We describe the difference between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District’s Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these resources from the District’s other financial statement because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District’s governmental activities.

Net assets of the District’s governmental activities increased from \$20,279,700 to \$21,833,112. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$8,859,676 at August 31, 2010.

The District’s total revenues were \$12,078,612. The cost of all governmental programs and services this year was \$13,260,129 compared to \$12,942,298 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through the District taxes was only \$4,332,093 because some of the costs were paid by those who directly benefitted from the programs (\$ 515,405), by other governments and organizations that subsidized certain programs with grants and contributions (\$2,219,524), by State equalization funding (\$6,898,447), or by investment earning and other miscellaneous revenue (\$848,072).

THE DISTRICT’S FUNDS

As the District completed the year, its governmental funds (as presented on the balance sheet in the independent auditor’s report) reported a combined fund balance of \$9,193,986, which is more than last year’s total of \$9,048,279. Included in this year’s total change in fund balance is an increase of \$145,707 in the District’s general fund.

The District's General Fund balance of \$8,256,511 reported in the audit differs from the General Fund's budgetary fund balance of \$3,348,991 reported in the budgetary comparison schedule. This is due to capital projects not completed in the current year.

Over the course of the year, the Board of Trustees revised the District's budget several times primarily due to the actual revenue realized and cost incurred by the District being higher or lower than original estimates. The most significant budget amendments were Facilities Construction changes.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2010, the District had \$20,785,099 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The total accumulated depreciation was \$ 8,749,138.

This year's major additions included:

Facilities Construction	\$ 1,483,116
School buses	-0-
Computer equipment and software	-0-
Total	<u>\$ 1,483,116</u>

DEBT

The District had no long-term debt during the year ended August 31, 2010.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's elected officials considered many factors when setting the fiscal-year 2011 budget and tax rates. One of those factors is the community the District serves. In the fiscal year 2009-2010 the taxable base of the District decreased 1% compared to the previous fiscal year. The decrease was due to the economic downturn in the area.

Other factors considered include the State property tax rules, which interact with the TEA Foundation revenue rules to calculate a substantial part of the funding received for the operation of most school functions.

The District's maintenance and operating property tax rate for the fiscal year ended August 31, 2010, was \$1.04 per \$100 property valuation. For the year ending August 31, 2011, the District has increased the tax rate to \$1.17. The District's budgeted general fund expenditures for 2010-11 are \$14,270,600.

The increase in the budget and careful stewardship by the District's management is expected to enable the District to keep its facilities in good operating form and yet maintain a healthy General fund balance for future District growth and maintenance needs, including unforeseen emergency situations that can occur.

CONTACTING THE DISTRICT'S FINANCIAL MANGAGMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at WESTWOOD INDEPENDENT SCHOOL DISTRICT, P.O. Box 260, Palestine, Texas 75802.

Table I
Westwood Independent School District
Net Assets

Governmental Activities	2009-2010	2008-2009
Current and Other Assets	10,437,852	10,659,366
Capital Assets	12,035,961	10,640,628
Total Assets	22,473,813	21,299,994
Long-term Liabilities	-0-	-0-
Other Liabilities	640,701	1,020,294
Total Liabilities	640,701	1,020,294
Net Assets		
Investment in capital assets	12,035,961	10,640,628
Restricted Assets	937,475	1,187,608
Unrestricted Assets	8,859,676	8,451,464
Total Net Assets	21,833,112	20,279,700

Table II
Westwood Independent School District
Statement of Activities

Governmental Activities	2009-2010	2008-2009
Revenues		
Program Revenues:		
Charges for Services	515,405	591,145
Operating Grants and Contributions	2,219,524	1,791,400
Capital Grants and Contributions	-0-	-0-
General Revenue:		
Maintenance and Operations Taxes	4,332,093	4,185,656
State Aid – Formula Grants	6,898,447	7,285,152
Investment Earnings	24,181	100,521
Grants and Contributions not Restricted and Miscellaneous	823,891	689,160
Total General Revenue	12,078,612	12,260,489
Expenses:		
Instructional, Curriculum, Media	7,933,466	7,789,730
Instructional/School Leadership	783,466	761,100
Student Support Services	902,561	846,717
Child Nutrition	736,577	688,070
Cocurricular Activities	585,540	531,240
General Administration	452,720	496,886
Plant Maintenance, Security, Data Processing	1,501,494	1,492,064
Facilities Acquisition & Construction	31,416	51,455
Payments to Fiscal Agents	249,153	204,544
Other Intergovernmental Charges	83,736	80,492
Total Expenses	13,260,129	12,942,298
Change in Net Assets	1,553,412	1,700,736
Net Assets @ September 1	20,279,700	18,578,964
Net Assets @ August 31	21,833,112	20,279,700

BASIC FINANCIAL STATEMENTS

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2010

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 752,287
1120 Current Investments	8,656,840
1220 Property Taxes Receivable (Delinquent)	634,911
1230 Allowance for Uncollectible Taxes	(31,746)
1240 Due from Other Governments	395,709
1250 Accrued Interest	1,484
1290 Other Receivables, net	1,700
1300 Inventories	26,667
Capital Assets:	
1510 Land	419,954
1520 Buildings, Net	10,215,420
1530 Furniture and Equipment, Net	1,183,256
1580 Construction in Progress	217,331
1000 Total Assets	22,473,813
LIABILITIES	
2110 Accounts Payable	29,254
2160 Accrued Wages Payable	332,862
2200 Accrued Expenses	6,878
2300 Deferred Revenues	271,707
2000 Total Liabilities	640,701
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	12,035,961
3820 Restricted for Federal and State Programs	329,396
3870 Restricted for Campus Activities	119,723
3890 Restricted for Other Purposes	488,356
3900 Unrestricted Net Assets	8,859,676
3000 Total Net Assets	\$ 21,833,112

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT B-1

Data Control Codes	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	1	3	4	6
Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 7,593,642	\$ 65,590	\$ 989,084	\$ (6,538,968)
12 Instructional Resources and Media Services	182,714	-	58,695	(124,019)
13 Curriculum and Staff Development	157,110	-	70,224	(86,886)
23 School Leadership	783,466	-	34,398	(749,068)
31 Guidance, Counseling and Evaluation Services	244,337	-	13,511	(230,826)
33 Health Services	87,354	-	6,145	(81,209)
34 Student (Pupil) Transportation	570,870	-	23,787	(547,083)
35 Food Services	736,577	257,348	585,765	106,536
36 Extracurricular Activities	585,540	192,467	14,053	(379,020)
41 General Administration	452,720	-	16,772	(435,948)
51 Plant Maintenance and Operations	1,351,989	-	30,582	(1,321,407)
52 Security and Monitoring Services	17,543	-	-	(17,543)
53 Data Processing Services	131,962	-	6,171	(125,791)
81 Capital Outlay	31,416	-	370,337	338,921
93 Payments related to Shared Services Arrangements	249,153	-	-	(249,153)
99 Other Intergovernmental Charges	83,736	-	-	(83,736)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 13,260,129	\$ 515,405	\$ 2,219,524	(10,525,200)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	4,332,093
SF	State Aid - Formula Grants	6,898,447
IE	Investment Earnings	24,181
MI	Miscellaneous Local and Intermediate Revenue	823,891
TR	Total General Revenues	12,078,612
CN	Change in Net Assets	1,553,412
NB	Net Assets--Beginning	20,279,700
NE	Net Assets--Ending	\$ 21,833,112

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2010

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110	\$ 913,704	\$ (161,417)	\$ 752,287
1120	7,580,198	1,076,642	8,656,840
1220	634,911	-	634,911
1230	(31,746)	-	(31,746)
1240	341,064	54,645	395,709
1250	1,484	-	1,484
1290	1,700	-	1,700
1300	26,667	-	26,667
1000	<u>\$ 9,467,982</u>	<u>\$ 969,870</u>	<u>\$ 10,437,852</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110	\$ 29,254	\$ -	\$ 29,254
2160	301,855	31,007	332,862
2200	5,490	1,388	6,878
2300	874,872	-	874,872
2000	<u>1,211,471</u>	<u>32,395</u>	<u>1,243,866</u>
Fund Balances:			
Reserved For:			
3410	26,667	-	26,667
3450	-	329,396	329,396
3490	-	608,079	608,079
Unreserved Designated For:			
3510	3,842,125	-	3,842,125
3530	2,195,300	-	2,195,300
Unreserved and Undesignated:			
3600	2,192,419	-	2,192,419
3000	<u>8,256,511</u>	<u>937,475</u>	<u>9,193,986</u>
4000	<u>\$ 9,467,982</u>	<u>\$ 969,870</u>	<u>\$ 10,437,852</u>

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS

AUGUST 31, 2010

Total Fund Balances - Governmental Funds	<u>\$ 9 193 986</u>
 Amounts reported for governmental activities in the Statement of Net Assets are different because:	
 <u>Data Control Codes</u>	
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$18,670,875 and the accumulated depreciation was \$8,030,247. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The long-term debt was \$0. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.	<u>10 640 628</u>
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.	<u>2 038 156</u>
3 The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	<u>(755 121)</u>
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	<u>715 463</u>
19 Net Assets of Governmental Activities	<u><u>\$ 21 833 112</u></u>

The accompanying notes are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 5,117,509	\$ 453,391	\$ 5,570,900
5800	State Program Revenues	7,443,545	142,686	7,586,231
5900	Federal Program Revenues	-	1,531,740	1,531,740
5020	Total Revenues	12,561,054	2,127,817	14,688,871
EXPENDITURES:				
Current:				
0011	Instruction	6,429,887	869,843	7,299,730
0012	Instructional Resources and Media Services	117,110	54,277	171,387
0013	Curriculum and Instructional Staff Development	91,138	65,972	157,110
0023	School Leadership	586,376	210,821	797,197
0031	Guidance, Counseling and Evaluation Services	244,337	-	244,337
0033	Health Services	86,347	1,007	87,354
0034	Student (Pupil) Transportation	429,965	4,597	434,562
0035	Food Services	-	745,444	745,444
0036	Extracurricular Activities	522,892	-	522,892
0041	General Administration	437,995	-	437,995
0051	Facilities Maintenance and Operations	1,315,139	362	1,315,501
0052	Security and Monitoring Services	11,351	-	11,351
0053	Data Processing Services	131,962	-	131,962
Capital Outlay:				
0081	Facilities Acquisition and Construction	1,483,116	370,337	1,853,453
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	249,153	-	249,153
0099	Other Intergovernmental Charges	83,736	-	83,736
6030	Total Expenditures	12,220,504	2,322,660	14,543,164
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	340,550	(194,843)	145,707
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	55,290	-	55,290
8911	Transfers Out (Use)	-	(55,290)	(55,290)
7080	Total Other Financing Sources (Uses)	55,290	(55,290)	-
1200	Net Change in Fund Balances	395,840	(250,133)	145,707
0100	Fund Balance - September 1 (Beginning)	7,860,671	1,187,608	9,048,279
3000	Fund Balance - August 31 (Ending)	\$ 8,256,511	\$ 937,475	\$ 9,193,986

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2010

Total Net Change in Fund Balances - Governmental Funds	<u>\$ 145 707</u>
 Amounts reported for governmental activities in the Statement of Activities are different because:	
1 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.	<u>2 038 156</u>
2 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	<u>(755 121)</u>
3 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	<u>124 670</u>
19 Change in Net Assets of Governmental Activities	<u><u>\$ 1 553 412</u></u>

The accompanying notes are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2010

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,317	\$ 33,755
Total Assets	1,317	33,755
LIABILITIES		
Due to Student Groups	-	\$ 33,755
Total Liabilities	-	\$ 33,755
NET ASSETS		
Restricted for Scholarships	1,317	
Total Net Assets	\$ 1,317	

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT E-2

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 3,317
Total Additions	3,317
DEDUCTIONS:	
Other Operating Costs	2,000
Total Deductions	2,000
Change in Net Assets	1,317
Total Net Assets - September 1 (Beginning)	-
Total Net Assets - August 31 (Ending)	\$ 1,317

The notes to the financial statements are an integral part of this statement.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Westwood Independent School District (“The District”) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the “Board”) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency’s *Financial Accountability System Resource Guide* (the “Resource Guide”) and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the “Board”) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the District’s nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples includes tuition paid by students not residing in the district, school lunch charges, etc. The “grants and contributions” column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District’s functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the governmental fund Balance Sheet and proprietary fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types and fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

D. FUND ACCOUNTING

The District reports the following fund types:

Governmental Funds:

1. General Fund - The general fund is the District's primary operating fund and is always reported as a major fund. It accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds - The District accounts for resources restricted to, or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

3. Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the Orange and White Scholarship Program.

4. Agency Fund - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the student activity fund and clearing accounts.

E. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

F. INVENTORIES

Inventory of supplies reported on the balance sheet is stated at actual cost. The District records supplies as expenditures when they are consumed.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

G. CAPITAL ASSETS

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	50
Building Improvements	15
Vehicles (other than Buses)	5
Buses	10
Computer Equipment	5
Office and other Equipment	7

H. LONG TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

I. RESERVED AND/OR DESIGNATED FUND BALANCES

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. RESTRICTED ASSETS

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

K. DATA CONTROL CODES

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 419 954	\$	\$ 419 954	
Buildings & Improvements	14 899 090	7 029 121	7 869 969	
Furniture & Equipment	2 037 801	1 001 126	1 036 675	
Construction in Progress	<u>1 314 030</u>	<u></u>	<u>1 314 030</u>	
Totals	<u>\$ 18 670 875</u>	<u>\$ 8 030 247</u>		
Change in Net Assets				\$ 10 640 628
<u>Long-term Liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
N/A			<u>\$ 0</u>	
Change in Net Assets				<u>0</u>
Net Adjustment to Net Assets				<u>\$ 10 640 628</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Current Year Capital Outlay:			
Land	\$		
Buildings & Improvements	270 423		
Furniture & Equipment	264 789		
Construction in Progress	1 502 944		
Total Capital Outlay	2 038 156	2 038 156	2 038 156
Debt Principal Payments:			
N/A			
Total Principal Payments	\$ 0	0	0
Total Adjustment to Net Assets		\$ 2 038 156	\$ 2 038 156

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

C. EXPLANATION OF OTHER DIFFERENCES

Another element of the reconciliation on Exhibits C-2 and C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Change in Net Assets	Adjustments to Net Assets
Adjustments to Revenue and Deferred Revenue:			
Taxes Collected from Prior Year Levies	\$ 141 214	\$ (141 214)	\$
Uncollected taxes(assumed collectible) from Current Year Levy	153 586	153 586	153 586
Uncollected Taxes (assumed collectible) from Prior Year Levy	449 579		449 579
Capital Asset Adjustments:			
Prior Periods	112 298	112 298	112 298
Total		\$ 124 670	\$ 715 463

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund and the Food Service Fund (which is included in the Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other report is in Exhibit J-4.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended as necessary during the year.
4. Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function /object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2010 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 325 997
Nonappropriated Budget Funds	<u>611 478</u>
All Special Revenue Funds	<u><u>\$ 937 475</u></u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

B. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders or contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31, and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2010 that were subsequently provided for in the 2010 - 2011 budget.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The Public funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar - weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government Code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No load money market mutual funds and no load mutual funds as permitted by Government Code 2256.014.; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies. The risks that the District may be subject are:

- a. Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the District's deposits, including checking, money market accounts and certificates of deposit, may not be returned to it.

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. During 2009-2010 the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent, except for small amounts that were covered on the subsequent day by the depository bank.

The largest combined balances of cash, savings and time deposit accounts amounted to \$3,411,797 and occurred on February 4, 2010. The amount of bond or market value of securities pledged as of the date of the highest combined balance on deposit was \$3,608,400. The total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

- b. Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

- c. Interest Rate Risk: Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.
- d. Concentration of Credit Risk: Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

CASH DEPOSITS

At August 31, 2010, the amount of the District's cash balance in interest bearing checking accounts was \$786,859. The cash balance in savings, time and certificate of deposit accounts was \$1,008,021. Cash on hand was \$500.

INVESTMENTS

The District's investments at August 31, 2010, are shown below:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of Deposit	\$ 1 008 021	\$ 1 008 021	.2411
First Public / Lone Star Investment Pool	<u>7 648 819</u>	<u>7 648 054</u>	.1425
Total Investments	<u>\$ 8 656 840</u>	<u>\$ 8 656 075</u>	

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly the market value of the position in these pools is the same as the value of the shares in each pool, which approximates the carrying amount. The investment pools are organized in conformity with the Interlocal Cooperation Act, Chapter 79I of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

For the purpose of the statement of cash flows for proprietary fund types, if any, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by June 30 are subject to penalty and interest charges plus 15% delinquent collection fees for attorney costs. Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Concentration - The District's property tax base includes one taxpayer whose taxable value comprises approximately 26% of the base.

Delinquent taxes are prorated between maintenance and debt service, when necessary, based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

The assessed value of the property tax roll upon which the levy for the 2009-2010 fiscal year was based, was \$420,227,146. The tax rate assessed for the year ended August 31, 2010 to finance General Fund operations was \$1.04 per \$100 valuation. Current tax collections for the year ended August 31, 2010 were 96.3% of the year end adjusted tax levy. As of August 31, 2010, property taxes receivable totaled \$634,911 for the General Fund.

C. DUE FROM OTHER GOVERNMENTS

The District participates in variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2010 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

	General Fund	Other Funds	Total
	<u> </u>	<u> </u>	<u> </u>
State Entitlements	\$ 338 075	\$	\$ 338 075
Other State Grants		16 543	16 543
Federal Grants		38 102	38 102
Region VII ESC	<u>2 989</u>		<u>2 989</u>
Totals	<u>\$ 341 064</u>	<u>\$ 54 645</u>	<u>\$ 395 709</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2010 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Due From</u>	<u>Due to</u>
General Fund:		
Special Revenue Fund	\$ _____	\$ _____
Special Revenue Fund:		
General Fund	\$ _____	\$ _____
Totals	<u>\$ 0</u>	<u>\$ 0</u>

Interfund transfers for the year ended August 31, 2010 consisted of the following individual fund amounts:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Special Revenue Fund	\$ 55,290	\$ _____
Special Revenue Fund:		
General Fund	\$ _____	\$ 55,290
Totals	<u>\$ 55,290</u>	<u>\$ 55,290</u>

As of September 1, 2009, the fund balance of the High School Allotment was combined with the General Fund per TEA directions.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2010, were as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 634 911	\$	\$ 634 911
Other Governments	341 064	54 645	395 709
Accrued Interest	1 484		1 484
Other Funds	<u>1 700</u>	<u></u>	<u>1 700</u>
Totals	<u>\$ 979 159</u>	<u>\$ 54 645</u>	<u>\$ 1 033 804</u>

Payables at August 31, 2010, were as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Accounts Payable	\$ 29 254	\$	\$ 29 254
Accrued Wages	<u>301 855</u>	<u>31 007</u>	<u>332 862</u>
Totals	<u>\$ 331 109</u>	<u>\$ 31 007</u>	<u>\$ 362 116</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:					
Land	\$ 419 954	\$	\$		\$ 419 954
Buildings & Improvements	14 899 090	270 423		2 599 643	17 769 156
Furniture & Equipment	2 037 801	264 789	(36 230)	112 298	2 378 658
Construction in Progress	<u>1 314 030</u>	<u>1 502 944</u>		<u>(2 599 643)</u>	<u>217 331</u>
Total at Historical Cost	<u>18 670 875</u>	<u>2 038 156</u>	<u>(36 230)</u>	<u>112 298</u>	<u>20 785 099</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	7 029 121	524 615			7 553 736
Furniture and Equipment	<u>1 001 126</u>	<u>230 506</u>	<u>(36 230)</u>		<u>1 195 402</u>
Total Accumulated Depreciation	<u>8 030 247</u>	<u>755 121</u>	<u>(36 230)</u>	<u>0</u>	<u>8 749 138</u>
Governmental Activities Capital Assets, Net	<u>\$ 10 640 628</u>	<u>\$ 1 283 035</u>	<u>\$ 0</u>	<u>112 298</u>	<u>\$ 12 035 961</u>

Depreciation expense was charged to governmental functions as follows:

11	Instruction	\$ 374 616
12	Instructional Resources and Media Services	11 327
23	School Leadership	13 517
34	Student (Pupil) Transportation	171 110
35	Food Services	18 500
36	Cocurricular/Extracurricular Activities	94 012
41	General Administration	14 725
51	Plant Maintenance and Operations	51 122
52	Security and Monitoring Services	<u>6 192</u>
	Total Depreciation Expense	<u>\$ 755 121</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2010

G. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Net Tax Revenue	\$ 603 165	\$	\$ 603 165
State Entitlement	<u>271 707</u>	<u></u>	<u>271 707</u>
Totals	<u>\$ 874 872</u>	<u>\$ 0</u>	<u>\$ 874 872</u>

H. LOCAL AND INTERMEDIATE SOURCES OF REVENUES

During the current year, local and intermediate sources of revenues consisted of the following:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Property Taxes	\$ 4 319 721	\$	\$ 4 319 721
Penalties, Interest & Other Tax Related Income	80 377		80 377
Food Sales		257 348	257 348
Investment Income	24 161	21	24 182
Co-curricular Student Activities	35 394	157 073	192 467
Other	<u>657 856</u>	<u>38 949</u>	<u>696 805</u>
Total	<u>\$ 5 117 509</u>	<u>\$ 453 391</u>	<u>\$ 5 570 900</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

I. COMMITMENTS UNDER OPERATING LEASES

Westwood ISD entered into an operating lease agreement for four copiers. Commitments under operating (noncapitalized) lease agreements for equipment provided for minimum future rental payments as of August 31, 2010, as follows:

<u>Year Ended</u> <u>August 31</u>	<u>Total</u>
2011	\$ 8 039
2012	<u>4 020</u>
Total Minimum Rentals	<u>\$ 12 059</u>
Rental Expenditures in Fiscal Year 2010	<u>\$ 8 039</u>

The District has other operating leases of one year or less, or on a month to month basis.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

J. JOINT VENTURE SHARED SERVICE ARRANGEMENT

The District participates in a shared services arrangement for special education services with five other school districts. Although a portion of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The District made payments to the fiscal agent of \$249,153.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

K. PENSION PLAN

Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy

The state contribution rate is 6.644% and the member contribution rate is 6.4%. In certain instances the District is required to make all or a portion of the state's 6.644% contribution. Contribution requirements are not actuarially determined but are legally established each biennium by the Legislature of the State of Texas.

The District's employees' contributions to the System for the years ending August 31, 2008, 2009 and 2010 were \$452,072, \$452,608 and \$488,754, respectively. Other contributions made from federal and private grants and from the district for salaries above the statutory minimum for the years ending August 31, 2008, 2009 and 2010 were \$102,453, \$108,190 and \$103,445, respectively.

The on behalf amounts contributed by the State, \$525,610, are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

L. HEALTH CARE

During the year ended August 31, 2010 employees of the Westwood Independent School District were covered by the state sponsored health insurance plan. The district paid premiums of \$225 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

All premiums were paid to TRS-ActiveCare, the statewide health coverage program for public education employees administered by Blue Cross and Blue Shield of Texas and Medco Health. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and TRS ActiveCare (Blue Cross/Blue Shield) is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross/Blue Shield are available for the most recent year and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

M. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009, 2008. Per Texas Insurance Code, Chapters 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

The District is allocated a portion of the Medicare Part D retiree drug subsidy that TRS-Care receives. The amount allocated on behalf for the year ended August 31, 2010 is estimated by TRS at \$19,488. This amount is reflected in the financial statements in accordance with Governmental Accounting Standards Board Statement No. 24.

N. COMPENSATED ABSENCES

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. The District provides four local days per year of personal leave in addition to the State minimum personal leave. The local days do not accumulate and are not carried over to succeeding school years if unused. These days are forfeited at the employee's termination. Therefore, no liability has been accrued in the accompanying general purpose financial statements. Any unused local leave days are paid during the year. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying general purpose financial statements.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

O. SELF-INSURED WORKERS' COMPENSATION

During the year ended August 31, 2010 the Westwood Independent School District was a participant in the East Texas Educational Insurance Association's Workers' Compensation Self-insurance Joint Fund pursuant to Texas Labor Code Annotated Section 504 and Texas Government Code Ch. 791 (the Interlocal Cooperation Act).

The Board of Trustees of the plan and the plan supervisor, Claims Administrative Services, Inc., shall establish the proportionate contribution of each participant annually upon the actual loss experience and claims of the District, the experience rating modification of the District, the prorata costs or savings to the plan from the loss experience of all participants, and all reasonable and necessary administrative expenses of the plan. The proportionate contributions of all participants shall be combined into a self-insurance joint fund.

The District paid a fixed cost of \$39,724 to the plan supervisor for administration of claims, loss control, record keeping, and the cost of excess insurance. The loss fund maximum set aside in a separate account for claims not covered by excess insurance was established to be \$93,783 for the fiscal year. The self insurance retention maximum was \$29,462.

During the fiscal year, the District paid net claims of \$29,615 covering seventeen plan periods ending August 31, 2010, and has accrued \$29,462 as a liability for unpaid claims determined by the claims administrator.

P. SALE OF WADA (WEIGHTED AVERAGE DAILY ATTENDANCE)

In prior years the District participated with a high-wealth Texas school District, under Chapter 41 of the Texas Education Code. The use of the funds resulting from the accumulated gain from the participation agreement is restricted by TEA guidelines. Therefore the accumulated funds have been reported in special revenue Fund 499 - Sale of WADA.

Q. CONSTRUCTION AND OTHER COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2010 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies. The District is continuing construction projects in the 2011 fiscal year.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2010

R. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. During fiscal year 2010 the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

WESTWOOD INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,152,220	\$ 4,181,976	\$ 5,117,509	\$ 935,533
5800 State Program Revenues	7,063,949	7,070,413	7,443,545	373,132
5020 Total Revenues	11,216,169	11,252,389	12,561,054	1,308,665
EXPENDITURES:				
Current:				
0011 Instruction	7,252,027	7,115,747	6,429,887	685,860
0012 Instructional Resources and Media Services	212,234	210,234	117,110	93,124
0013 Curriculum and Instructional Staff Development	107,790	107,790	91,138	16,652
0023 School Leadership	596,818	596,818	586,376	10,442
0031 Guidance, Counseling and Evaluation Services	285,770	285,770	244,337	41,433
0033 Health Services	106,917	105,917	86,347	19,570
0034 Student (Pupil) Transportation	556,524	556,524	429,965	126,559
0036 Extracurricular Activities	561,205	561,205	522,892	38,313
0041 General Administration	665,032	570,032	437,995	132,037
0051 Facilities Maintenance and Operations	1,407,169	1,407,169	1,315,139	92,030
0052 Security and Monitoring Services	14,500	14,500	11,351	3,149
0053 Data Processing Services	171,810	171,810	131,962	39,848
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,100,000	3,657,000	1,483,116	2,173,884
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	249,153	249,153	249,153	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	59,400	59,400	-	59,400
0099 Other Intergovernmental Charges	-	95,000	83,736	11,264
6030 Total Expenditures	14,346,349	15,764,069	12,220,504	3,543,565
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,130,180)	(4,511,680)	340,550	4,852,230
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	55,290	55,290
7080 Total Other Financing Sources (Uses)	-	-	55,290	55,290
1200 Net Change in Fund Balances	(3,130,180)	(4,511,680)	395,840	4,907,520
0100 Fund Balance - September 1 (Beginning)	7,860,671	7,860,671	7,860,671	-
3000 Fund Balance - August 31 (Ending)	\$ 4,730,491	\$ 3,348,991	\$ 8,256,511	\$ 4,907,520

COMBINING STATEMENTS

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2010

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	
ASSETS					
1110	Cash and Cash Equivalents	\$ (855)	\$ 320,827	\$ -	\$ (138)
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	12,687	16,678	-	138
1000	Total Assets	<u>\$ 11,832</u>	<u>\$ 337,505</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2160	Accrued Wages Payable	\$ 10,827	\$ 11,288	\$ -	\$ -
2200	Accrued Expenditures	1,005	220	-	-
2000	Total Liabilities	<u>11,832</u>	<u>11,508</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	325,997	-	-
3490	Other Reserved/Restricted Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>325,997</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 11,832</u>	<u>\$ 337,505</u>	<u>\$ -</u>	<u>\$ -</u>

262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology	285 ESEA I,A Improving Basic Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ 3,631	\$ -	\$ (3,175)	\$ 332	\$ (963)	\$ (12,623)	\$ (853)
-	-	-	-	-	-	-	-
-	5,424	-	3,175	-	963	12,623	2,957
<u>\$ -</u>	<u>\$ 9,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104</u>
\$ -	\$ 8,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	163	-	-	-	-	-	-
-	9,055	-	-	-	-	-	-
-	-	-	-	332	-	-	2,104
-	-	-	-	-	-	-	-
-	-	-	-	332	-	-	2,104
<u>\$ -</u>	<u>\$ 9,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2010

Data Control Codes	415 Kindergarten and Pre-K Grants	428 High School Allotment	429 Rural School Technology	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 963	\$ 119,723
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 119,723</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2160	Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
2200	Accrued Expenditures	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	963	-
3490	Other Reserved/Restricted Fund Balance	-	-	-	119,723
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>963</u>	<u>119,723</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 119,723</u>

498 Region VII Technology Cooperative	499 Sale of WADA	Total Nonmajor Governmental Funds
\$ -	\$ (588,286)	\$ (161,417)
-	1,076,642	1,076,642
-	-	54,645
<u>\$ -</u>	<u>\$ 488,356</u>	<u>\$ 969,870</u>
\$ -	\$ -	\$ 31,007
-	-	1,388
-	-	32,395
-	-	329,396
-	488,356	608,079
-	488,356	937,475
<u>\$ -</u>	<u>\$ 488,356</u>	<u>\$ 969,870</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 257,369	\$ -	\$ -
5800 State Program Revenues	-	21,974	-	-
5900 Federal Program Revenues	280,306	547,180	18,314	69,372
5020 Total Revenues	<u>280,306</u>	<u>826,523</u>	<u>18,314</u>	<u>69,372</u>
EXPENDITURES:				
Current:				
0011 Instruction	228,094	-	18,314	-
0012 Instructional Resources and Media Services	52,212	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	65,972
0023 School Leadership	-	-	-	3,400
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	745,444	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>280,306</u>	<u>745,444</u>	<u>18,314</u>	<u>69,372</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>81,079</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	81,079	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>244,918</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 325,997</u>	<u>\$ -</u>	<u>\$ -</u>

262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology	285 ESEA I,A Improving Basic Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	92	7,643	17,085	46,966
2,582	508,911	4,069	101,006	-	-	-	-
<u>2,582</u>	<u>508,911</u>	<u>4,069</u>	<u>101,006</u>	<u>92</u>	<u>7,643</u>	<u>17,085</u>	<u>46,966</u>
2,582	135,502	4,069	101,006	-	7,643	12,488	44,862
-	2,065	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,007	-	-	-	-	-	-
-	-	-	-	-	-	4,597	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	370,337	-	-	-	-	-	-
<u>2,582</u>	<u>508,911</u>	<u>4,069</u>	<u>101,006</u>	<u>-</u>	<u>7,643</u>	<u>17,085</u>	<u>44,862</u>
-	-	-	-	92	-	-	2,104
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	92	-	-	2,104
-	-	-	-	240	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	415 Kindergarten and Pre-K Grants	428 High School Allotment	429 Rural School Technology	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 196,022
5800 State Program Revenues	22,384	-	8,542	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>22,384</u>	<u>-</u>	<u>8,542</u>	<u>196,022</u>
EXPENDITURES:				
Current:				
0011 Instruction	22,384	-	7,579	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0023 School Leadership	-	-	-	207,421
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	362
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>22,384</u>	<u>-</u>	<u>7,579</u>	<u>207,783</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>963</u>	<u>(11,761)</u>
OTHER FINANCING SOURCES (USES):				
8911 Transfers Out (Use)	-	(55,290)	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>(55,290)</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	(55,290)	963	(11,761)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>55,290</u>	<u>-</u>	<u>131,484</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 963</u>	<u>\$ 119,723</u>

498 Region VII Technology Cooperative	499 Sale of WADA	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 453,391
18,000	-	142,686
-	-	1,531,740
<u>18,000</u>	<u>-</u>	<u>2,127,817</u>
18,000	267,320	869,843
-	-	54,277
-	-	65,972
-	-	210,821
-	-	1,007
-	-	4,597
-	-	745,444
-	-	362
-	-	370,337
<u>18,000</u>	<u>267,320</u>	<u>2,322,660</u>
-	(267,320)	(194,843)
-	-	(55,290)
-	-	(55,290)
-	(267,320)	(250,133)
-	755,676	1,187,608
<u>\$ -</u>	<u>\$ 488,356</u>	<u>\$ 937,475</u>

REQUIRED TEA SCHEDULES

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2010

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
2002	1.399000	0.000000	260,648,320
2003	1.399000	0.000000	283,528,449
2004	1.399000	0.000000	280,002,144
2005	1.337000	0.000000	342,685,340
2006	1.337000	0.000000	346,828,422
2007	1.225000	0.000000	380,719,673
2008	1.005000	0.000000	369,283,781
2009	1.040000	0.000000	389,879,888
2010 (School year under audit)	1.040000	0.000000	420,227,146
100 TOTALS			

(10) Beginning Balance 9/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2010
\$ 113,627	\$ -	\$ 2,387	\$ -	\$ -	\$ 111,240
37,642	-	3,250	-	-	34,392
41,429	-	4,452	-	-	36,977
44,314	-	3,170	-	(193)	40,951
47,988	-	4,398	-	(596)	42,994
46,007	-	9,931	-	-	36,076
58,504	-	15,207	-	(423)	42,874
54,202	-	17,380	-	(327)	36,495
178,174	-	74,925	-	(12,006)	91,243
-	4,370,362	4,184,621	-	(24,072)	161,669
<u>\$ 621,887</u>	<u>\$ 4,370,362</u>	<u>\$ 4,319,721</u>	<u>\$ -</u>	<u>\$ (37,617)</u>	<u>\$ 634,911</u>

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2010

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702)	(703)	(701)	(750)	(720)	(other)	
		School Board	Tax Collections	Supt's Office	Indirect Cost	Direct Cost	Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	180,615	\$ 145,155	\$ 1,373	\$ -	327,143
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	5,159	-	-	-	-	-	5,159
6212	Audit Services	-	-	-	18,000	-	-	18,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	90,243	-	-	-	-	90,243
621X	Other Professional Services	-	-	3,866	-	-	-	3,866
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	600	9,084	-	-	9,684
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	1,584	2,439	-	-	4,023
6290	Miscellaneous Contr.	-	-	963	582	-	-	1,545
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	996	-	4,940	11,739	-	-	17,675
6410	Travel, Subsistence, Stipends	8,832	-	2,235	1,307	633	-	13,007
6420	Ins. and Bonding Costs	4,777	-	200	200	-	-	5,177
6430	Election Costs	777	-	-	-	-	-	777
6490	Miscellaneous Operating	4,748	-	17,440	2,974	270	-	25,432
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 25,289	\$ 90,243	\$ 212,443	\$ 191,480	\$ 2,276	\$ -	\$ 521,731

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 14,543,165

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 2,038,157
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 1,300,867
Food (Function 35, 6341 and 6499)	(13) 309,756
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	191,480

SubTotal:

3,840,259

Net Allowed Direct Cost

\$ 10,702,905

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 17,555,798
Historical Cost of Building over 50 years old	(16) \$ 682,949
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 2,378,658
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 104,060
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$73,736 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2010

UNAUDITED

1	Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 8,256,511
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 26,667	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	6,037,425	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	500,000	
5	Estimate of two month's average cash disbursements during the fiscal year.	3,000,000	
6	Estimate of delayed payments from state sources (58xx).	66,368	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	38,101	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Adjustment to meet Board Policy	-	
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		9,668,561
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		\$ (1,412,050)

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 250,000	\$ 250,000	\$ 257,369	\$ 7,369
5800 State Program Revenues	25,000	25,000	21,974	(3,026)
5900 Federal Program Revenues	400,000	400,000	547,180	147,180
5020 Total Revenues	675,000	675,000	826,523	151,523
EXPENDITURES:				
0035 Food Services	875,190	875,190	745,444	129,746
6030 Total Expenditures	875,190	875,190	745,444	129,746
1200 Net Change in Fund Balances	(200,190)	(200,190)	81,079	281,269
0100 Fund Balance - September 1 (Beginning)	244,918	244,918	244,918	-
3000 Fund Balance - August 31 (Ending)	\$ 44,728	\$ 44,728	\$ 325,997	\$ 281,269

COMPLIANCE. INTERNAL CONTROL AND FEDERAL AWARDS

SMITH, LAMBRIGHT & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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*

Independent Auditor's Report

Board of School Trustees
Westwood Independent School District
P. O. Box 260
Palestine, Texas 75802

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to the Board of Trustees and management of the District in a separate letter dated October 29, 2010.

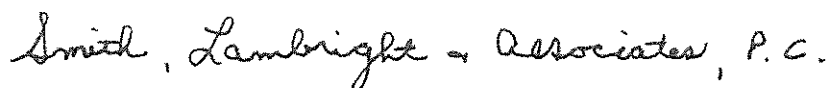
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Board of Trustees and management of the District in a separate letter dated October 29, 2010.

This report is intended solely for the information and use of the Board of Trustees, audit committee, management, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

October 29, 2010

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of School Trustees
Westwood Independent School District
P. O. Box 260
Palestine , Texas 75802

Members of the Board of Trustees:

Compliance

We have audited the District 's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB *Circular A-133*. Those standards and OMB *Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, audit committee, management, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

Respectfully submitted,

Smith, Lambright & Associates, P.C.

SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

October 29, 2010

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2010

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section _____.510 (a), OMB Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Title I Cluster:
84.010	Title I Part A ESEA
84.389	Title I Part A Recovery Act
84.394	Title XIV ARRA

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? X yes _____ no

District Contact Person Dr. Ed Lyman
Superintendent

WESTWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2010

II. Financial Statement Findings

The audit disclosed no findings required to be reported.

III. Federal Awards Findings and Questioned Costs

The audit disclosed no findings required to be reported.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

N/A

WESTWOOD INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2010

N/A

WESTWOOD INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2010

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs**	84.010A	10-610101001908	\$ 280,306
Career and Technical - Basic Grant	84.048	10-420006001908	18,314
Title II, Part D -Enhancing Ed. Through Technology	84.318	10-630001001908	2,582
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10-694501001908	69,372
Title II D Enhancing Ed. Through Technology - ARRA	84.386	10-553001001908	4,069
ESEA, Title I, A - ARRA - Improving Basic Prog.**	84.389	10-551001001908	101,006
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	10-557001001908	508,911
Total Passed Through State Department of Education			\$ 984,560
TOTAL DEPARTMENT OF EDUCATION			\$ 984,560
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553		\$ 117,320
National School Lunch Program - Cash Assistance*	10.555		385,202
National School Lunch Prog. - Non-Cash Assistance*	10.555		44,658
Total CFDA Number 10.555			429,860
Total Passed Through the State Department of Agriculture			\$ 547,180
TOTAL DEPARTMENT OF AGRICULTURE			\$ 547,180
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,531,740

*Clustered Programs as required by Compliance Supplement March, 2010.
 **Clustered Programs as required by Compliance Supplement March, 2010.

WESTWOOD INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A - 133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.