

WILTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2005

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2005

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2004 Election)		
Jeffrey Kaufmann	Board President	2004
Perry Hartman	Board Member	2004
Julie Bauer-Cook	Board Member	2005
Linda Duncan	Board Member	2005
Barbara Smith	Board Member	2006
(After September 2004 Election)		
Linda Duncan	Board President	2005
Chris Wheeler	Board Member	2005
Barbara Smith	Board Member	2006
Christopher Watkins	Board Member	2007
Anthony Hurd	Board Member	2007
School Officials		
John Sauer	Superintendent	2005
Joy Gehrls	District Secretary	2005
Staci Owens-Kirkman	District Treasurer/Business Manager	2005

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

Independent Auditor's Report

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Wilton Community School District, Wilton, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Wilton Community School District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated November 2, 2005 on my consideration of Wilton Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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 my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 41 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Kay L. Chapman, CPA PC
November 2, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wilton Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,337,068 in fiscal 2004 to \$7,163,540 in fiscal 2005, and General Fund expenditures increased from \$6,871,802 in fiscal 2004 to \$6,909,733 in fiscal 2005. The District's General Fund balance increased from \$705,989 in fiscal 2004 to \$860,242 in fiscal 2005, a 22% increase.
- The increase in General Fund revenues was attributable to an increase in property tax and state and federal grant revenue in fiscal 2005. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and restricted grant expenditures. One reason the General Fund balance increased is because we chose to increase our cash reserve levy due to previous year State budget cuts.
- Due to increased cash available to be invested, interest earnings in the General Fund alone increased from \$8,657 in fiscal 2004 to \$23,112 in fiscal 2005.

USING THIS ANNUAL REPORT

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

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

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Wilton Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Wilton Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

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

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

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds.

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

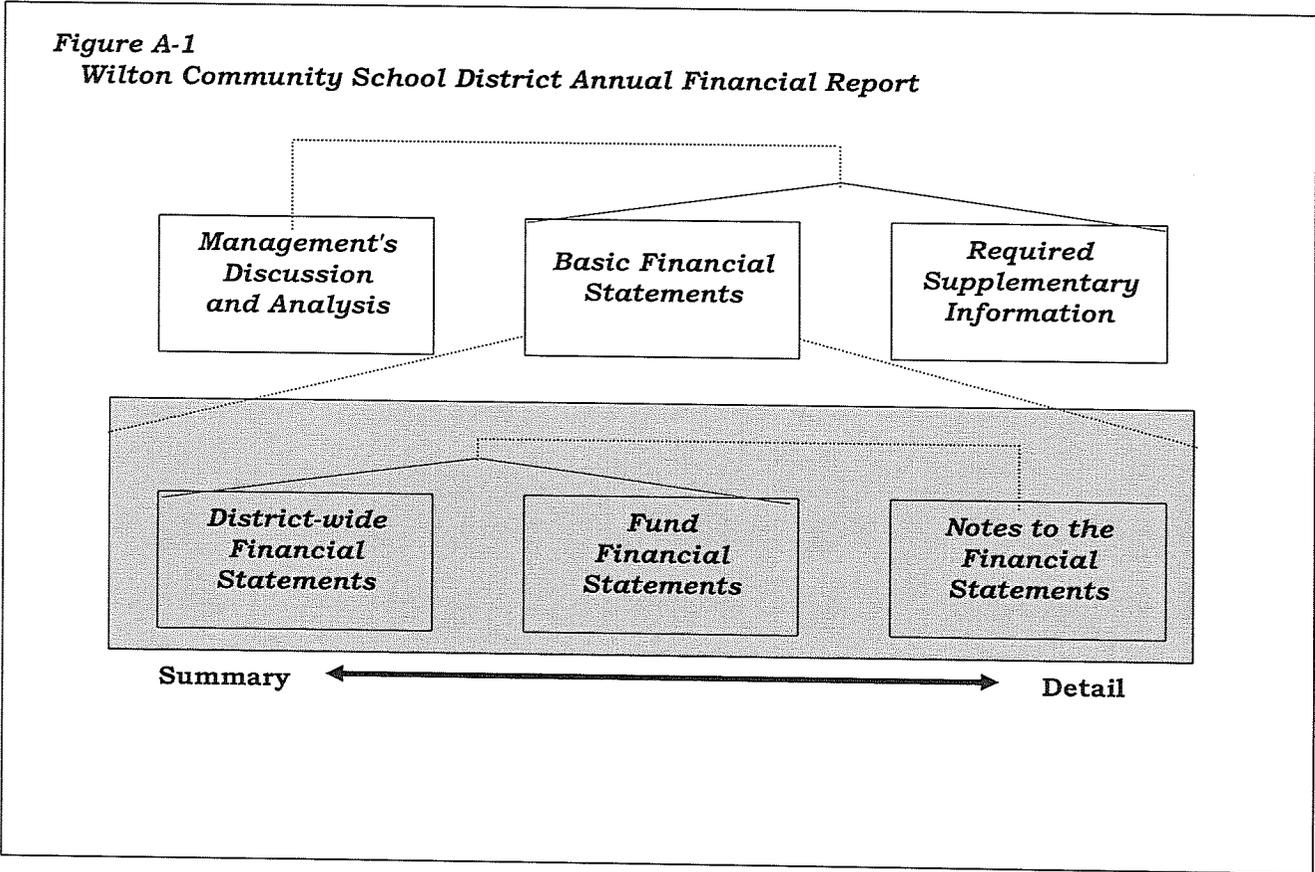


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, FFA farm operations, swimming pool operations and latchkey programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has four Enterprise Funds, the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Internal Service Funds, the other type of proprietary fund, are optional and available to report activities that provide supplies and

services for other District programs and activities. The District currently has one Internal Service Fund, the Self-funded Insurance Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

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

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-purpose Trust and Agency Funds.

- Private-purpose Trust Funds - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for an employee flex benefit plan, community mentoring program, and various trip funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2005 compared to June 30, 2004.

Figure A-3

Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total Change
	Activities		Activities		School District		
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
Current and other assets	\$ 4,183,054	\$ 4,785,094	\$188,946	\$ 155,656	\$ 4,372,000	\$ 4,940,750	-11.51%
Capital assets	<u>7,924,692</u>	<u>6,152,515</u>	<u>50,981</u>	<u>55,678</u>	<u>7,975,673</u>	<u>6,208,193</u>	28.47%
Total assets	<u>12,107,746</u>	<u>10,937,609</u>	<u>239,927</u>	<u>211,334</u>	<u>12,347,673</u>	<u>11,148,943</u>	10.75%
Long-term obligations	2,549,991	1,018,364	-	-	2,549,991	1,018,364	150.40%
Other liabilities	<u>2,552,346</u>	<u>3,588,124</u>	<u>17,914</u>	<u>13,474</u>	<u>2,570,260</u>	<u>3,601,598</u>	-28.64%
Total liabilities	<u>5,102,337</u>	<u>4,606,488</u>	<u>17,914</u>	<u>13,474</u>	<u>5,120,251</u>	<u>4,619,962</u>	10.83%
Net assets							
Invested in capital assets, net of related debt	5,424,692	5,187,515	50,981	55,678	5,475,673	5,243,193	4.43%
Restricted	561,264	358,022	-	-	561,264	358,022	56.77%
Unrestricted	<u>1,019,453</u>	<u>785,584</u>	<u>132,122</u>	<u>142,182</u>	<u>1,151,575</u>	<u>927,766</u>	24.12%
Total net assets	<u>\$ 7,005,409</u>	<u>\$ 6,331,121</u>	<u>\$183,103</u>	<u>\$ 197,860</u>	<u>\$ 7,188,512</u>	<u>\$ 6,528,981</u>	10.10%

The District's combined net assets increased by approximately 10%, or \$659,531, from the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$203,242, or 57% from the prior year. The increase was primarily a result of the jr/sr auditorium construction project that was completed during fiscal 2005.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$223,809, or approximately 25%. This increase in unrestricted net assets was a result of the District using carryover fund balance to meet its financial obligations during the year.

Figure A-4 shows the change in net assets for the years ended June 30, 2005 and 2004.

Figure A-4
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues						
Charges for service and sales	\$ 875,520	\$ 678,225	\$ 523,324	\$ 485,230	\$ 1,398,844	\$ 1,163,455
Operating grants, contributions and restricted interest	714,546	669,703	136,762	129,788	851,308	799,491
General revenues						
Property and sales taxes	3,324,286	3,028,495	-	-	3,324,286	3,028,495
Unrestricted state grants	3,344,288	2,942,253	-	-	3,344,288	2,942,253
Contributions and donations	32,240	-	-	-	32,240	-
Unrestricted investment earnings	29,188	16,582	955	866	30,143	17,448
Bond premium	8,905	-	-	-	8,905	-
Gain on sale of capital assets	446	-	-	-	446	-
Other	<u>6,826</u>	<u>77,743</u>	<u>-</u>	<u>-</u>	<u>6,826</u>	<u>77,743</u>
Total revenues	<u>8,336,245</u>	<u>7,413,001</u>	<u>661,041</u>	<u>615,884</u>	<u>8,997,286</u>	<u>8,028,885</u>
Program expenses						
Governmental activities						
Instruction	5,011,441	5,078,644	-	-	5,011,441	5,078,644
Support services	1,980,599	1,847,865	-	-	1,980,599	1,847,865
Non-instructional programs	51,944	40,301	675,798	633,006	727,742	673,307
Other expenses	<u>617,973</u>	<u>522,809</u>	<u>-</u>	<u>-</u>	<u>617,973</u>	<u>522,809</u>
Total expenses	<u>7,661,957</u>	<u>7,489,619</u>	<u>675,798</u>	<u>633,006</u>	<u>8,337,755</u>	<u>8,122,625</u>
Change in net assets	<u>\$ 674,288</u>	<u>\$ (76,618)</u>	<u>\$ (14,757)</u>	<u>\$ (17,122)</u>	<u>\$ 659,531</u>	<u>\$ (93,740)</u>

Property and other taxes and unrestricted state grants account for 74% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 84% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$8,336,245 and expenses were \$7,661,957. In a difficult budget year, the District utilized its unspent balance to meet its obligations in the general fund.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental
Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 5,011,441	\$ 3,695,149
Support services	1,980,599	1,965,972
Non-instructional programs	51,944	51,944
Other expenses	<u>617,973</u>	<u>358,826</u>
Total expenses	<u>\$ 7,661,957</u>	<u>\$6,071,891</u>

- The cost financed by users of the District's programs was \$875,520.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$714,546.
- The net cost of governmental activities was financed with \$3,324,286 in property and other taxes and \$3,344,288 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$661,041 and expenses were \$675,798. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2005, the Nutrition fund did not increase meal prices and spent into its carryover balance to meet financial obligations.

INDIVIDUAL FUND ANALYSIS

As previously noted, Wilton Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,488,192 well above last year's ending fund balances of \$1,115,449. However, the primary reason for the increase in combined fund balances in fiscal 2005 is due to refunding bonds.

Governmental Fund Highlights

- The District's improving General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. However, the increase in revenues was more than offset by the District's increase in General Fund expenditures requiring the District to use carryover fund balance to meet its financial obligations during the year.
- The General Fund balance increased from \$705,989 to \$860,242 due in part to cash reserve levy increases because of previous year state budget cuts.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from \$197,860 at June 30, 2004 to \$183,103 at June 30, 2005, representing a decrease of approximately 7%. For fiscal 2005, the District did not increase meal prices, and utilized Nutrition fund carry over funds to meet financial obligations, resulting in the decrease in net assets.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wilton Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with the building project, increased work comp claims, and increased utility and fuel costs.

The District's receipts were \$278,746 more than budgeted receipts, a variance of 3%. The most significant variance resulted from the District receiving more in miscellaneous income than anticipated.

Total expenditures were \$976,990 less than budgeted, due primarily to the District's budget for the General Fund and the budget amendment for the building project. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had invested \$7,975,673 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of approximately 11% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$343,739.

The original cost of the District's capital assets was \$15,474,251. Governmental funds account for \$15,282,242, with the remainder of \$192,009 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the buildings and improvements category, which was \$4,549,205 at June 30, 2004 and \$7,362,963 at June 30, 2005. This significant increase resulted from a construction activity financed by the issuance of revenue bonds in fiscal 2005.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total School District		Total Change
	2005	2004	2005	2004	2005	2004	2004-2005
Land	\$ 116,103	\$ 116,103	\$ -	\$ -	\$ 116,103	\$ 116,103	0.00%
Construction in progress	-	989,942	-	-	-	989,942	0.00%
Buildings and improvements	7,362,963	4,549,205	-	-	7,362,963	4,549,205	61.85%
Improvements other than buildings	136,186	129,130	-	-	136,186	129,130	5.46%
Furniture and equipment	<u>309,440</u>	<u>1,361,008</u>	<u>50,981</u>	<u>55,678</u>	<u>360,421</u>	<u>1,416,686</u>	-74.56%
Totals	<u>\$7,924,692</u>	<u>\$7,145,388</u>	<u>\$ 50,981</u>	<u>\$ 55,678</u>	<u>\$7,975,673</u>	<u>\$7,201,066</u>	10.76%

Long-Term Debt

At June 30, 2005, the District had \$2,549,991 in general obligation and other long-term debt outstanding. This represents an increase of approximately 150% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

In August 2004 the District issued revenue bonds of \$1,750,000 for the construction of an auditorium. The bonds will be repaid from revenue generated by the Local Option Sales and Services Tax.

Figure A-7
Outstanding Long-term Obligations

	Total		Total
	School District		
	<u>2005</u>	<u>2004</u>	<u>2004-2005</u>
General obligation bonds	\$ 750,000	\$ 965,000	-22.28%
Revenue bonds	1,750,000	-	0.00%
Compensated absences	3,093	7,181	-56.93%
Early retirement	46,898	46,183	1.55%
Total	<u>\$ 2,549,991</u>	<u>\$ 1,018,364</u>	150.40%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Muscatine County had advised the District that, due to the addition of new industrial sties and the recent completion of property revaluation assessments, the District's total taxable valuation will increase 3.5 percent for property tax collected in fiscal 2005.
- The District has experienced fluctuating enrollment for the past several years. The district expects this trend in enrollment to decline, making it difficult to balance future budgets.
- Fiscal 2005 was a one year contract with the Wilton Education Association (WEA). The District will negotiate a new agreement during fiscal 2006 for 2007. Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Staci Owens-Kirkman, Business Manager, or Joe Burnett, Superintendent at the Wilton Community School District, 1002 Cypress Street, Wilton, Iowa 52778.

Basic Financial Statements

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

Exhibit A

ASSETS	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,520,514	\$134,398	\$ 1,654,912
Receivables			
Property tax			
Delinquent	26,735	-	26,735
Succeeding year	2,467,088	-	2,467,088
Accrued interest	211	-	211
Accounts receivable	2,478	4,324	6,802
Due from other fund	-	100	100
Due from other governments	166,028	260	166,288
Inventories	-	10,954	10,954
Capital assets, net of accumulated depreciation	<u>7,924,692</u>	<u>50,981</u>	<u>7,975,673</u>
Total assets	<u>12,107,746</u>	<u>201,017</u>	<u>12,308,763</u>
 LIABILITIES			
Accounts payable	37,529	5,347	42,876
Salaries and benefits payable	18,345	12,567	30,912
Accrued interest payable	26,912	-	26,912
Due to other fund	100	-	100
Due to other governments	2,372	-	2,372
Deferred revenue - succeeding year property tax	2,467,088	-	2,467,088
Long-term liabilities			
Portion due within one year			
Bonds payable	225,000	-	225,000
Revenue bonds payable	235,000	-	235,000
Compensated absences	3,093	-	3,093
Early retirement	21,338	-	21,338
Portion due after one year			
Bonds payable	525,000	-	525,000
Revenue bonds payable	1,515,000	-	1,515,000
Early retirement	25,560	-	25,560
Total liabilities	<u>5,102,337</u>	<u>17,914</u>	<u>5,120,251</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,424,692	\$ 50,981	\$ 5,475,673
Restricted for			
Iowa Early Intervention Program	537	-	537
Talented and Gifted Program	3,921	-	3,921
Physical plant and equipment levy	25,998	-	25,998
Other special revenue purposes	61,244	-	61,244
Capital projects	469,564	-	469,564
Unrestricted	<u>1,019,453</u>	<u>132,122</u>	<u>1,151,575</u>
Total net assets	<u>\$ 7,005,409</u>	<u>\$183,103</u>	<u>\$ 7,188,512</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2005

Exhibit B

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction							
Regular instruction	\$ 3,039,802	\$ 367,005	\$ 307,697	\$ -	\$ (2,365,100)	-	\$ (2,365,100)
Special instruction	921,668	503,942	128,025	-	(289,701)	-	(289,701)
Other instruction	<u>1,049,971</u>	-	<u>9,623</u>	-	<u>(1,040,348)</u>	-	<u>(1,040,348)</u>
	5,011,441	<u>870,947</u>	<u>445,345</u>	-	<u>(3,695,149)</u>	-	<u>(3,695,149)</u>
Support services							
Student services	263,003	-	-	-	(263,003)	-	(263,003)
Instructional staff services	156,403	-	-	-	(156,403)	-	(156,403)
Administration services	771,609	-	-	-	(771,609)	-	(771,609)
Operation and maintenance of plant services	499,148	502	-	-	(498,646)	-	(498,646)
Transportation services	<u>290,436</u>	<u>4,071</u>	<u>10,054</u>	-	<u>(276,311)</u>	-	<u>(276,311)</u>
	1,980,599	<u>4,573</u>	<u>10,054</u>	-	<u>(1,965,972)</u>	-	<u>(1,965,972)</u>
Non-instructional programs	<u>51,944</u>	-	-	-	<u>(51,944)</u>	-	<u>(51,944)</u>
Other expenditures							
Long-term debt interest	91,089	-	-	-	(91,089)	-	(91,089)
AEA flowthrough	259,147	-	259,147	-	-	-	-
Depreciation (unallocated) *	<u>267,737</u>	-	-	-	<u>(267,737)</u>	-	<u>(267,737)</u>
	617,973	-	<u>259,147</u>	-	<u>(358,826)</u>	-	<u>(358,826)</u>
Total governmental activities	<u>7,661,957</u>	<u>875,520</u>	<u>714,546</u>	-	<u>(6,071,891)</u>	-	<u>(6,071,891)</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2005

Exhibit B

Functions/Programs (continued)	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	
Business type activities	\$ 436,333	\$ 267,537	\$ 136,762	\$ (32,034)
Non-instructional programs	17,435	18,605	-	1,170
Nutrition services	135,742	147,258	-	11,516
FFA farm program	86,288	89,924	-	3,636
Swimming pool	675,798	523,324	136,762	(15,712)
Latchkey program				
Total business type activities	\$ 8,337,755	\$ 1,398,844	\$ 851,308	(6,071,891)
Total				(15,712)
				(6,087,603)

General Revenues

Property tax levied for				
General purposes	2,593,986	-	-	2,593,986
Capital projects	60,185	-	-	60,185
Debt service	224,411	-	-	224,411
Sales taxes	445,704	-	-	445,704
Unrestricted state grants	3,344,288	-	-	3,344,288
Contributions and donations	32,240	-	-	32,240
Unrestricted investment earnings	29,188	955	-	30,143
Bond premium	8,905	-	-	8,905
Gain on sale of capital asset	446	-	-	446
Other	6,826	-	-	6,826
Total general revenues	6,746,179	955	-	6,747,134
Change in net assets	674,288	(14,757)	-	659,531
Net assets, beginning of year, as adjusted	6,331,121	197,860	-	6,528,981
Net assets, end of year	\$ 7,005,409	\$ 183,103	-	\$ 7,188,512

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2005

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 743,497	\$ 446,145	\$ 155,357	\$ 1,344,999
Receivables				
Property tax				
Delinquent	23,026	-	3,709	26,735
Succeeding year	2,057,381	-	409,707	2,467,088
Accounts receivable	216	-	2,262	2,478
Accrued interest	211	-	-	211
Due from other funds	61,000	-	-	61,000
Due from other governments	81,609	84,419	-	166,028
Total assets and other debits	<u>\$ 2,966,940</u>	<u>\$ 530,564</u>	<u>\$ 571,035</u>	<u>\$ 4,068,539</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 28,500	\$ -	\$ 2,942	\$ 31,442
Salaries and benefits payable	18,345	-	-	18,345
Due to other fund	100	61,000	-	61,100
Due to other governments	2,372	-	-	2,372
Deferred revenue				
Succeeding year property tax	<u>2,057,381</u>	<u>-</u>	<u>409,707</u>	<u>2,467,088</u>
Total liabilities	<u>2,106,698</u>	<u>61,000</u>	<u>412,649</u>	<u>2,580,347</u>
Fund balances				
Designated for				
Special purpose	34,585	-	-	34,585
Cash flow	40,000	-	-	40,000
Reserved for				
Talented and Gifted Program	3,921	-	-	3,921
Iowa Early Intervention	537	-	-	537
Debt service	-	-	25,467	25,467
Unreserved, undesignated, governmental funds	781,199	469,564	-	1,250,763
Unreserved, undesignated, special revenue funds	-	-	132,919	132,919
Total fund balances	<u>860,242</u>	<u>469,564</u>	<u>158,386</u>	<u>1,488,192</u>
Total liabilities and fund balances	<u>\$ 2,966,940</u>	<u>\$ 530,564</u>	<u>\$ 571,035</u>	<u>\$ 4,068,539</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2005

Exhibit D

Total fund balances of governmental funds	\$ 1,488,192
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,924,692
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(26,912)
The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets	169,428
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,549,991)</u>
Net assets of governmental activities	<u>\$ 7,005,409</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$ 2,522,160	\$ 445,704	\$ 354,613	\$ 3,322,477
Tuition	493,872	-	-	493,872
Other	84,068	32,633	330,141	446,842
Intermediate sources	3,060	-	-	3,060
State sources	3,901,301	-	263	3,901,564
Federal sources	159,079	-	-	159,079
Total revenues	<u>7,163,540</u>	<u>478,337</u>	<u>685,017</u>	<u>8,326,894</u>
Expenditures				
Current				
Instruction				
Regular instruction	3,051,546	-	44,824	3,096,370
Special instruction	921,668	-	-	921,668
Other instruction	722,478	-	319,861	1,042,339
	<u>4,695,692</u>	<u>-</u>	<u>364,685</u>	<u>5,060,377</u>
Support services				
Student services	262,408	-	595	263,003
Instructional staff services	156,403	-	-	156,403
Administration services	750,016	-	19,851	769,867
Operation and maintenance of plant services	485,089	-	22,396	507,485
Transportation services	250,978	-	35,562	286,540
	<u>1,904,894</u>	<u>-</u>	<u>78,404</u>	<u>1,983,298</u>
Non-instructional programs	<u>50,000</u>	<u>-</u>	<u>1,944</u>	<u>51,944</u>
Other expenditures				
Facilities acquisition	-	2,074,304	-	2,074,304
Long-term debt				
Principal	-	-	215,000	215,000
Interest and fiscal charges	-	29,648	39,784	69,432
AEA flowthrough	259,147	-	-	259,147
	<u>259,147</u>	<u>2,103,952</u>	<u>254,784</u>	<u>2,617,883</u>
Total expenditures	<u>6,909,733</u>	<u>2,103,952</u>	<u>699,817</u>	<u>9,713,502</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 253,807	\$ (1,625,615)	\$ (14,800)	\$ (1,386,608)
Other financing sources (uses)				
Proceeds from sale of refunding bonds	-	1,750,000	-	1,750,000
Premium on bonds sold	-	8,905	-	8,905
Sale of equipment and materials	446	-	-	446
Interfund operating transfers in	-	200,000	20,888	220,888
Interfund operating transfers (out)	<u>(100,000)</u>	<u>(20,888)</u>	<u>(100,000)</u>	<u>(220,888)</u>
Total other financing sources (uses)	<u>(99,554)</u>	<u>1,938,017</u>	<u>(79,112)</u>	<u>1,759,351</u>
Net change in fund balances	154,253	312,402	(93,912)	372,743
Fund balance, beginning of year	<u>705,989</u>	<u>157,162</u>	<u>252,298</u>	<u>1,115,449</u>
Fund balance, end of year	<u>\$ 860,242</u>	<u>\$ 469,564</u>	<u>\$ 158,386</u>	<u>\$ 1,488,192</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances-
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2005

Exhibit F

Net change in fund balances - total governmental funds \$ 372,743

**Amounts reported for governmental activities in the statement of activities
 are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 2,105,683	
Depreciation expense	<u>(333,506)</u>	1,772,177

The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 82,652

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows:

Issued	(1,750,000)	
Repaid	<u>215,000</u>	(1,535,000)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Early retirement	(715)	
Compensated absences	<u>4,088</u>	3,373

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (21,657)

Change in net assets of governmental activities \$ 674,288

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2005

Exhibit G

	Business Type Activities			Governmental
	School Nutrition	Nonmajor Enterprise	Total Enterprise	Activity Internal Service
ASSETS				
Cash and pooled investments	\$ 78,181	\$ 56,217	\$ 134,398	\$ 175,515
Accounts receivable	2,675	1,649	4,324	-
Due from other fund	-	100	100	-
Due from other governments	-	260	260	-
Inventories	10,954	-	10,954	-
Capital assets, net of accumulated depreciation	33,245	17,736	50,981	-
Total assets	125,055	75,962	201,017	175,515
LIABILITIES				
Accounts payable	507	4,840	5,347	6,087
Salaries and benefits payable	771	11,796	12,567	-
Total liabilities	1,278	16,636	17,914	6,087
NET ASSETS				
Invested in capital assets, net of related debt	33,245	17,736	50,981	-
Unreserved retained earnings	90,532	41,590	132,122	169,428
Total net assets	\$ 123,777	\$ 59,326	\$ 183,103	\$ 169,428

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

Exhibit H

	Business Type Activities			Governmental
	School Nutrition	Nonmajor Enterprise	Total Enterprise	Activity Internal Service
Operating revenue				
Local sources				
Charges for service	\$ 267,537	\$ 235,664	\$ 503,201	\$ 174,501
Sale of product	-	20,123	20,123	-
Total operating revenue	267,537	255,787	523,324	174,501
Operating expenses				
Non-instructional programs				
Salaries	151,229	125,660	276,889	-
Benefits	82,825	26,745	109,570	91,849
Purchased services	4,006	19,248	23,254	-
Supplies	189,845	55,875	245,720	-
Equipment repairs	-	8,073	8,073	-
Miscellaneous	252	1,807	2,059	-
Depreciation	8,176	2,057	10,233	-
Total operating expenses	436,333	239,465	675,798	91,849
Operating income (loss)	(168,796)	16,322	(152,474)	82,652
Non-operating revenues				
Interest income	658	297	955	-
State sources	5,166	-	5,166	-
Federal sources	131,596	-	131,596	-
Total non-operating revenues	137,420	297	137,717	-
Change in net assets	(31,376)	16,619	(14,757)	82,652
Net assets, beginning of year	155,153	42,707	197,860	86,776
Net assets, end of year	\$ 123,777	\$ 59,326	\$ 183,103	\$ 169,428

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

Exhibit I

	Business Type Activities			Governmental
	School	Nonmajor	Total	Activity
	<u>Nutrition</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Internal</u>
				<u>Service</u>
Cash flows from operating activities				
Cash received from sale of services	\$ 268,088	\$ 237,671	\$ 505,759	\$174,597
Cash received from other operations	-	20,123	20,123	-
Cash payments to employees for services	(233,884)	(151,240)	(385,124)	(89,648)
Cash payments to suppliers for goods and services	<u>(169,742)</u>	<u>(82,505)</u>	<u>(252,247)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(135,538)</u>	<u>24,049</u>	<u>(111,489)</u>	<u>84,949</u>
Cash flows from non-capital financing activities				
State grants received	5,166	-	5,166	-
Federal grants received	<u>106,400</u>	<u>-</u>	<u>106,400</u>	<u>-</u>
Net cash provided by non-capital financing activities	<u>111,566</u>	<u>-</u>	<u>111,566</u>	<u>-</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	<u>(3,760)</u>	<u>(1,776)</u>	<u>(5,536)</u>	<u>-</u>
Cash flows from investing activities				
Interest on investments	<u>658</u>	<u>297</u>	<u>955</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(27,074)	22,570	(4,504)	84,949
Cash and cash equivalents, beginning of year	<u>105,255</u>	<u>33,647</u>	<u>138,902</u>	<u>90,566</u>
Cash and cash equivalents, end of year	<u>\$ 78,181</u>	<u>\$ 56,217</u>	<u>\$ 134,398</u>	<u>\$175,515</u>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)	\$ (168,796)	\$ 16,322	\$ (152,474)	\$ 82,652
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	8,176	2,057	10,233	-
Commodities used	25,196	-	25,196	-
Decrease in accounts receivable	551	1,825	2,376	96
Decrease in due from other government	-	182	182	-
Decrease in due from other fund	-	740	740	-
(Increase) in inventories	(1,342)	-	(1,342)	-
Increase in accounts payable	507	3,338	3,845	2,201
(Decrease) in due to other fund	-	(840)	(840)	-
Increase in accrued salaries and benefits	<u>170</u>	<u>425</u>	<u>595</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (135,538)</u>	<u>\$ 24,049</u>	<u>\$ (111,489)</u>	<u>\$ 84,949</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2005, the District received \$25,196 of federal commodities.

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

Exhibit J

	<u>Private Purpose Trust</u>	
	<u>Scholarships</u>	<u>Agency</u>
Assets		
Cash and pooled investments	\$ 1,237	\$ 46,841
Liabilities		
Due to others	<u> -</u>	<u> 46,841</u>
Net assets		
Reserved for scholarships	<u>\$ 1,237</u>	<u>\$ -</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2005

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 1,832
Interest	<u>753</u>
Total additions	2,585
Deductions	
Support services	
Scholarships	<u>68,633</u>
Change in net assets	(66,048)
Net assets, beginning of year	<u>67,285</u>
Net assets, end of year	<u>\$ 1,237</u>

See notes to financial statements and Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2005

Note 1. Summary of Significant Accounting Policies

The Wilton Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the City of Wilton, Iowa, and the agricultural territory in Cedar and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Wilton Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Wilton Community School District has no component units, which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

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

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

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

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

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental fund:

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

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

The District reports the following major proprietary fund:

The proprietary fund, Enterprise, School Nutrition Fund is used to account for the food service operations of the District. The District also reports one nonmajor proprietary fund, the Internal Service, Self-funded Insurance Fund, which is utilized for employee flexible medical insurance. Additionally, the District reports three nonmajor enterprise funds, the FFA Farm Fund, Swimming Pool Fund and Latchkey Fund.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement or results of operations.

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, compensated absences and early retirement benefits are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary funds of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2004.

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

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

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$2,500
Buildings	\$2,500
Improvements other than buildings	\$2,500
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$2,500

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings & Improvements	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Early Retirement - District employees meeting certain requirements are eligible for early retirement benefits. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only for employees that have resigned or retired. The early retirement liability has been computed based on rates of pay in effect at June 30, 2005. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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

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

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, expenditures did not exceed the amounts budgeted nor did District expenditures exceed the General Fund unspent authorized budget.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2005, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 599,636

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Investment rate risk. The District's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the District.

Credit risk. The investment in the Iowa Schools Joint Investment Trust rated Aaa by Moody's Investors Service.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2005 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Latchkey	\$ 100
Capital Projects	General	<u>61,000</u>
Totals		<u>\$ 61,100</u>

The General Fund is repaying the Capital Projects Fund for expenditures related to the auditorium construction project.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Capital Projects	General	\$ 100,000
Capital Projects	Physical Plant and Equipment Levy	100,000
Debt Service	Capital Projects	<u>20,888</u>
Total		<u>\$ 220,888</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 116,103	\$ -	\$ -	\$ 116,103
Construction in progress	<u>989,942</u>	<u>-</u>	<u>(989,942)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,106,045</u>	<u>-</u>	<u>(989,942)</u>	<u>116,103</u>
Capital assets being depreciated:				
Buildings and improvements	10,157,471	3,055,082	-	13,212,553
Improvements other than buildings	716,965	19,989	-	736,954
Furniture and equipment	<u>2,195,184</u>	<u>92,253</u>	<u>(1,070,805)</u>	<u>1,216,632</u>
Total capital assets being depreciated	<u>13,069,620</u>	<u>3,167,324</u>	<u>(1,070,805)</u>	<u>15,166,139</u>
Less accumulated depreciation for:				
Buildings and improvements	5,608,266	241,324	-	5,849,590
Improvements other than buildings	587,835	12,933	-	600,768
Furniture and equipment	<u>834,176</u>	<u>79,249</u>	<u>(6,233)</u>	<u>907,192</u>
Total accumulated depreciation	<u>7,030,277</u>	<u>333,506</u>	<u>(6,233)</u>	<u>7,357,550</u>
Total capital assets being depreciated, net	<u>6,039,343</u>	<u>2,833,818</u>	<u>(1,064,572)</u>	<u>7,808,589</u>
Governmental activities capital assets, net	<u>\$ 7,145,388</u>	<u>\$ 2,833,818</u>	<u>\$ (2,054,514)</u>	<u>\$ 7,924,692</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 186,473	\$ 5,536	\$ -	\$ 192,009
Less accumulated depreciation	<u>130,795</u>	<u>10,233</u>	<u>-</u>	<u>141,028</u>
Business type activities capital assets, net	<u>\$ 55,678</u>	<u>\$ (4,697)</u>	<u>\$ -</u>	<u>\$ 50,981</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction		
Regular		\$ 25,369
Other		7,632
Support services		
Administration		5,830
Operation and maintenance of plant		2,273
Transportation		24,665
Unallocated depreciation		<u>267,737</u>
Total governmental activities depreciation expense		<u>\$ 333,506</u>

Business type activities

Food services		\$ 8,176
FFA farm		654
Swimming pool		268
Latchkey program		<u>1,135</u>
Total business type activities depreciation expense		<u>\$ 10,233</u>

During the year ended June 30, 2005, the District noted that the capital asset records contained items with a cost below the District's depreciation threshold. Therefore, the beginning balance of capital assets, net of depreciation was decreased by \$992,873 for fiscal year 2005. The beginning net assets for governmental activities on Exhibit B, the Statement of Activities, was also reduced by \$992,873.

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2005 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 965,000	\$ -	\$ (215,000)	\$ 750,000	\$ 225,000
Revenue bonds	-	1,750,000	-	1,750,000	235,000
Compensated absences	7,181	3,093	(7,181)	3,093	3,093
Early retirement	<u>46,183</u>	<u>29,084</u>	<u>(28,369)</u>	<u>46,898</u>	<u>21,338</u>
Totals	<u>\$ 1,018,364</u>	<u>\$ 1,782,177</u>	<u>\$ (250,550)</u>	<u>\$ 2,549,991</u>	<u>\$ 484,431</u>

Revenue Bonds Payable

On August 1, 2004, the District issued School Infrastructure Sales and Services Tax Revenue Bonds. The proceeds of the bonds are to be used to construct an auditorium and addition to the high school building. The bonds will be repaid by the collection of the local option sales and services tax for school infrastructure. The bonds were for \$1,750,000 and are secured by a Reserve Fund, which was established under the Bond Resolution. A Sinking Fund has been established into which collections of the local option sales and services tax revenues will be deposited. Interest and principal on the bonds will be paid from the Sinking Fund. Details of the District's June 30, 2005 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of August 1, 2004			
	Interest Rates	Interest	Principal	Total
2006	2.00%	\$ 47,780	\$ 235,000	\$ 282,780
2007	2.75%	41,511	285,000	326,511
2008	2.75%	33,536	295,000	328,536
2009	3.00%	24,905	305,000	329,905
2010	3.10%	15,525	310,000	325,525
2011	3.35%	<u>5,360</u>	<u>320,000</u>	<u>325,360</u>
Totals		<u>\$ 168,617</u>	<u>\$ 1,750,000</u>	<u>\$ 1,918,617</u>

General Obligation Bonds Payable

Details of the District's June 30, 2005 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of April 1, 2004			
	Interest Rates	Principal	Interest	Total
2006	1.40	\$ 225,000	\$ 13,185	\$ 238,185
2007	1.70	225,000	10,035	235,035
2008	2.00	230,000	6,210	236,210
2009	2.30	<u>70,000</u>	<u>1,610</u>	<u>71,610</u>
Totals		<u>\$ 750,000</u>	<u>\$ 31,040</u>	<u>\$ 781,040</u>

Note 7. Pension and Retirement Benefits

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

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2005, 2004 and 2003. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$241,572, \$228,079 and \$222,309 respectively, equal to the required contributions for each year.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$259,147 adjusting entry to the cash basis financial statements.

Required Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2005

	Governmental Funds		Proprietary Funds		Total		Less Funds Not Required to be Budgeted		Budgeted Amounts		Final to Actual Variance	
	Actual		Actual		Actual		to be Budgeted	Original	Final	Actual	Variance	
Revenues												
Local sources	\$4,263,191		\$698,780		\$4,961,971		\$(174,501)	\$4,512,661	\$4,512,661	\$	274,809	
Intermediate sources	3,060		-		3,060		-	-	-		3,060	
State sources	3,901,564		5,166		3,906,730		-	3,939,528	3,939,528		(32,798)	
Federal sources	159,079		131,596		290,675		-	257,000	257,000		33,675	
Total revenues	<u>8,326,894</u>		<u>835,542</u>		<u>9,162,436</u>		<u>(174,501)</u>	<u>8,709,189</u>	<u>8,709,189</u>		<u>278,746</u>	
Expenditures												
Instruction	5,060,377		-		5,060,377		-	5,402,570	5,402,570		342,193	
Support services	1,983,298		-		1,983,298		-	1,927,850	2,100,000		116,702	
Non-instructional programs	51,944		767,647		819,591		(91,849)	813,720	813,720		85,978	
Other expenditures	2,617,883		-		2,617,883		-	2,732,647	3,050,000		432,117	
Total expenditures	<u>9,713,502</u>		<u>767,647</u>		<u>10,481,149</u>		<u>(91,849)</u>	<u>10,876,787</u>	<u>11,366,290</u>		<u>976,990</u>	
Excess (deficiency) of revenues over (under) expenditures	(1,386,608)		67,895		(1,318,713)		(82,652)	(2,167,598)	(2,657,101)		1,255,736	
Net other financing sources	<u>1,759,351</u>		<u>-</u>		<u>1,759,351</u>		<u>-</u>	<u>1,585,000</u>	<u>1,585,000</u>		<u>174,351</u>	
Net change in fund balance	372,743		67,895		440,638		(82,652)	(582,598)	(1,072,101)		1,430,087	
Balance, beginning of year	1,115,449		284,636		1,400,085		(86,776)	1,403,803	1,403,803		(90,494)	
Balance, end of year	<u>\$1,488,192</u>		<u>\$352,531</u>		<u>\$1,840,723</u>		<u>\$(169,428)</u>	<u>\$ 821,205</u>	<u>\$ 331,702</u>		<u>\$1,339,593</u>	

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2005

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$489,503.

During the year ended June 30, 2005, District expenditures did not exceed the amounts budgeted in any of the four functions, nor did the General Fund expenditures exceed the District's unspent authorized budget.

Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

Schedule 1

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Debt	Total
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u> </u>
ASSETS					
Cash and pooled investments	\$ 45,331	\$ 61,521	\$ 25,372	\$ 23,133	\$ 155,357
Receivables					
Property tax					
Current year delinquent	749	-	626	2,334	3,709
Succeeding year	110,000	-	61,122	238,585	409,707
Accounts receivable	-	2,262	-	-	2,262
Total assets	<u>\$ 156,080</u>	<u>\$ 63,783</u>	<u>\$ 87,120</u>	<u>\$ 264,052</u>	<u>\$ 571,035</u>
 LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 403	\$ 2,539	\$ -	\$ -	\$ 2,942
Deferred revenue					
Succeeding year property tax	110,000	-	61,122	238,585	409,707
Total liabilities	<u>110,403</u>	<u>2,539</u>	<u>61,122</u>	<u>238,585</u>	<u>412,649</u>
Fund Equity					
Reserved for debt service	-	-	-	25,467	25,467
Unreserved fund balances	45,677	61,244	25,998	-	132,919
Total fund equity	<u>45,677</u>	<u>61,244</u>	<u>25,998</u>	<u>25,467</u>	<u>158,386</u>
Total liabilities and fund equity	<u>\$ 156,080</u>	<u>\$ 63,783</u>	<u>\$ 87,120</u>	<u>\$ 264,052</u>	<u>\$ 571,035</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

Schedule 2

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Debt	
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u>Total</u>
Revenues					
Local sources					
Local taxes	\$ 70,230	\$ -	\$ 60,140	\$ 224,243	\$ 354,613
Other	-	328,988	216	937	330,141
State sources	50	-	45	168	263
Total revenues	70,280	328,988	60,401	225,348	685,017
Expenditures					
Instruction					
Regular program instruction	44,824	-	-	-	44,824
Other instruction	-	319,861	-	-	319,861
Support services					
Student services	595	-	-	-	595
Administration services	19,804	-	47	-	19,851
Operation and maintenance of plant services	22,396	-	-	-	22,396
Transportation services	35,562	-	-	-	35,562
Non-instructional programs	1,944	-	-	-	1,944
Other expenditures					
Long-term debt					
Principal	-	-	-	215,000	215,000
Interest and fiscal charges	-	-	-	39,784	39,784
Total expenditures	125,125	319,861	47	254,784	699,817
Excess (deficiency) of revenues over (under) expenditures	(54,845)	9,127	60,354	(29,436)	(14,800)
Other financing sources (uses)					
Interfund operating transfers in (out)	-	-	(100,000)	20,888	(79,112)
Net change in fund balances	(54,845)	9,127	(39,646)	(8,548)	(93,912)
Fund balances, beginning of year	100,522	52,117	65,644	34,015	252,298
Fund balances, end of year	\$ 45,677	\$ 61,244	\$ 25,998	\$ 25,467	\$ 158,386

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2005

Schedule 3

	Nonmajor Enterprise			<u>Total</u>
	<u>FFA</u> <u>Farm</u>	<u>Swimming</u> <u>Pool</u>	<u>Latchkey</u>	
ASSETS				
Cash and cash equivalents	\$ 4,738	\$24,694	\$26,785	\$56,217
Accounts receivable	-	94	1,555	1,649
Due from other fund	-	-	100	100
Due from other governments	-	-	260	260
Capital assets, net of accumulated depreciation	<u>2,876</u>	<u>1,056</u>	<u>13,804</u>	<u>17,736</u>
Total assets	<u>7,614</u>	<u>25,844</u>	<u>42,504</u>	<u>75,962</u>
LIABILITIES				
Accounts payable	3,697	1,020	123	4,840
Salaries and benefits payable	<u>-</u>	<u>6,143</u>	<u>5,653</u>	<u>11,796</u>
Total liabilities	<u>3,697</u>	<u>7,163</u>	<u>5,776</u>	<u>16,636</u>
NET ASSETS				
Invested in capital assets	2,876	1,056	13,804	17,736
Unrestricted	<u>1,041</u>	<u>17,625</u>	<u>22,924</u>	<u>41,590</u>
Total net assets	<u>\$ 3,917</u>	<u>\$18,681</u>	<u>\$36,728</u>	<u>\$59,326</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2005

Schedule 4

	Nonmajor Enterprise			<u>Total</u>
	FFA	Swimming	<u>Latchkey</u>	
	<u>Farm</u>	<u>Pool</u>		
Operating revenue				
Local sources				
Charges for service	\$ 687	\$ 147,258	\$ 87,719	\$ 235,664
Sale of product	17,918	-	2,205	20,123
Total operating revenue	<u>18,605</u>	<u>147,258</u>	<u>89,924</u>	<u>255,787</u>
Operating expenses				
Non-instructional programs				
Salaries	-	67,301	58,359	125,660
Benefits	-	13,044	13,701	26,745
Purchased services	597	16,527	2,124	19,248
Supplies	10,169	36,107	9,599	55,875
Equipment repair	6,015	2,058	-	8,073
Miscellaneous	-	437	1,370	1,807
Depreciation	654	268	1,135	2,057
Total operating expenses	<u>17,435</u>	<u>135,742</u>	<u>86,288</u>	<u>239,465</u>
Operating income	1,170	11,516	3,636	16,322
Non-operating revenue				
Interest income	<u>69</u>	<u>65</u>	<u>163</u>	<u>297</u>
Change in net assets	1,239	11,581	3,799	16,619
Net assets, beginning of year	<u>2,678</u>	<u>7,100</u>	<u>32,929</u>	<u>42,707</u>
Net assets, end of year	<u>\$ 3,917</u>	<u>\$ 18,681</u>	<u>\$ 36,728</u>	<u>\$ 59,326</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2005

Schedule 5

	Nonmajor Enterprise			<u>Total</u>
	FFA	Swimming		
	<u>Farm</u>	<u>Pool</u>	<u>Latchkey</u>	
Cash flows from operating activities				
Cash received from sale of services	\$ 687	\$ 147,701	\$ 89,283	\$ 237,671
Cash received from other operations	17,918	-	2,205	20,123
Cash payments to employees for services	-	(80,353)	(70,887)	(151,240)
Cash payments to suppliers for goods and services	(13,936)	(55,416)	(13,153)	(82,505)
Net cash provided by operating activities	<u>4,669</u>	<u>11,932</u>	<u>7,448</u>	<u>24,049</u>
Cash flows from non-capital financing activities	-	-	-	-
Cash flows from capital and related financing activities				
Acquisition of capital assets	-	-	(1,776)	(1,776)
Cash flows from investing activities				
Interest on investments	69	65	163	297
Net increase in cash and cash equivalents	4,738	11,997	5,835	22,570
Cash and cash equivalents, beginning of year	-	12,697	20,950	33,647
Cash and cash equivalents, end of year	<u>\$ 4,738</u>	<u>\$ 24,694</u>	<u>\$ 26,785</u>	<u>\$ 56,217</u>

Reconciliation of operating income to net cash provided by operating activities

Operating income	\$ 1,170	\$ 11,516	\$ 3,636	\$ 16,322
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	654	268	1,135	2,057
Decrease in accounts receivable	-	443	1,382	1,825
Decrease in due from other government	-	-	182	182
Decrease in due from other fund	-	-	740	740
Increase (decrease) in accounts payable	3,685	(287)	(60)	3,338
(Decrease) in due to other fund	(840)	-	-	(840)
Increase (decrease) in accrued salaries and benefits	-	(8)	433	425
Net cash provided by operating activities	<u>\$ 4,669</u>	<u>\$ 11,932</u>	<u>\$ 7,448</u>	<u>\$ 24,049</u>

Non-cash investing, capital and financing activities: None

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
 For the Year Ended June 30, 2005

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 29,093</u>	<u>\$ 98,173</u>	<u>\$ 80,425</u>	<u>\$ 46,841</u>
Liabilities				
Due to others	<u>\$ 29,093</u>	<u>\$ 98,173</u>	<u>\$ 80,425</u>	<u>\$ 46,841</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2005

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
6100 Drama/speech	\$ 1,690	\$ 3,176	\$ 3,544	\$ 1,322
6211 Vocal - elementary	319	-	319	-
6212 Vocal - high school	2,107	4,762	3,969	2,900
6221 Instrumental - elementary	531	2,174	2,408	297
6222 Instrumental - high school	2,600	14,261	13,023	3,838
6610 Weight-lifting	132	724	(90)	946
6645 Cross country	562	828	1,183	207
6710 Boys' basketball	3,808	24,242	25,979	2,071
6720 Football	3,181	30,471	29,885	3,767
6730 Baseball	665	22,317	20,673	2,309
6740 Boys' track	65	8,835	8,880	20
6760 Boys' golf	-	632	594	38
6790 Wrestling	2,285	15,861	16,278	1,868
6810 Girls' basketball	339	14,190	11,342	3,187
6815 Volleyball	1,559	23,012	21,219	3,352
6835 Softball	(345)	7,424	7,027	52
6840 Girls' track	2,143	3,676	5,807	12
6860 Girls' golf	5	1,245	1,250	-
7400 Student services	(576)	641	-	65
7402 PIE	57	204	168	93
7403 Elementary student leaders	121	-	-	121
7404 Students 4 Earth	230	30	-	260
7405 Elementary Earth keepers	164	349	379	134
7670 Yearbook - high school	7,882	10,914	10,938	7,858
7671 Yearbook - elementary	336	1,135	1,265	206
7800 Stepperettes	965	16,557	15,570	1,952
7801 Cheerleaders - high school	5	6,386	4,450	1,941
7802 FFA	3,691	13,702	16,229	1,164
7803 FHA	928	8,711	8,804	835
7805 Elementary student activity	3,414	12,315	11,239	4,490
7806 National Honor Society	21	968	395	594

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2005

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
7807 Pep club	\$ 714	\$ 2,544	\$ 2,443	\$ 815
7808 Cheerleaders - junior high	107	922	983	46
7809 Student advisory - junior high	1,320	1,377	1,661	1,036
7810 Student council - high school	847	4,050	3,672	1,225
7812 Senior class	222	-	86	136
7813 Junior class	514	1,340	1,452	402
7814 Sophomore class	973	329	901	401
7815 Freshmen class	630	243	368	505
7817 Eighth grade class	295	30,703	30,774	224
7819 Seventh grade class	17	1,832	1,319	530
7820 Media - elementary	3,353	4,609	4,225	3,737
7821 Media - jr. and sr. high	961	443	361	1,043
7838 Fall canteen	-	7,303	7,303	-
7839 Winter canteen	-	8,265	8,265	-
7840 Spring canteen	-	3,248	3,248	-
7841 Summer canteen	2,662	12,699	10,440	4,921
7892 S.O.D.A.	618	-	294	324
	<u>52,117</u>	<u>329,649</u>	<u>320,522</u>	<u>61,244</u>
Totals	<u>\$ 52,117</u>	<u>\$ 329,649</u>	<u>\$ 320,522</u>	<u>\$ 61,244</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types
For the Last Four Years

Schedule 8

	Modified Accrual Basis			
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues				
Local sources				
Local tax	\$ 3,322,477	\$ 3,019,853	\$ 3,055,626	\$ 2,804,586
Tuition	493,872	424,635	445,675	421,172
Other	446,842	318,516	268,526	302,544
Intermediate sources	3,060	-	5,740	-
State sources	3,901,564	3,498,132	3,555,417	3,452,147
Federal sources	159,079	134,745	109,410	130,998
Total revenues	<u>\$ 8,326,894</u>	<u>\$ 7,395,881</u>	<u>\$ 7,440,394</u>	<u>\$ 7,111,447</u>
Expenditures				
Instruction				
Regular instruction	3,096,370	3,389,717	3,046,998	2,866,755
Special instruction	921,668	1,091,956	977,873	933,073
Other instruction	1,042,339	629,615	536,738	516,008
Support services				
Student services	263,003	302,904	358,935	292,330
Instructional staff services	156,403	141,931	134,407	103,801
Administration services	769,867	655,070	615,932	603,301
Operation and maintenance of plant services	507,485	489,795	419,753	387,725
Transportation services	286,540	221,345	191,265	177,643
Non-instructional programs	51,944	40,301	41,497	68,940
Other expenditures				
Facilities acquisition	2,074,304	1,152,032	87,247	216,161
Long-term debt				
Principal	215,000	195,000	190,000	202,104
Interest and other charges	69,432	62,809	60,108	68,801
AEA flowthrough	259,147	248,092	265,275	263,173
Total expenditures	<u>\$ 9,713,502</u>	<u>\$ 8,620,567</u>	<u>\$ 6,926,028</u>	<u>\$ 6,699,815</u>

See accompanying Independent Auditor's Report.

KAY L. CHAPMAN, CPA PC

210 Cedar Street
Muscatine, Iowa 52761
563-264-1385

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

To the Board of Education
Wilton Community School District

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Wilton Community School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated November 2, 2005. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Wilton Community School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I believe item (A) Segregation of Duties, is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Wilton Community School District and other parties to whom the District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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



Kay L. Chapman, CPA PC
November 2, 2005

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2005

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

REPORTABLE CONDITIONS

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Signature Card at Bank - It was noted that there was no signature card on file at the bank for the pool checking account.

Recommendation - The District should ensure that there are signature cards bearing the properly authorized signatures on file with the bank for all District bank accounts.

Response - We will file the necessary signature card with the bank and will be more attentive of this in the future.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2005

Part II. Other Findings Related to Statutory Reporting:

1. Official Depositories - A resolution naming official depositories has been approved by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005. However, the depository limits were not included in the board minutes, as required by Chapter 12C of the Code of Iowa.

Recommendation - The District should ensure that the depository limits approved for each depository financial institution be included in the board minutes in compliance with the Code of Iowa.

Response - We will include the depository limits in the board minutes as required by the Code of Iowa.

Conclusion - Response accepted.

2. Certified Budget - Expenditures for the year ended June 30, 2005 did not exceed the amounts budgeted.
3. Questionable Disbursements - I noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
4. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
5. Business Transactions - No business transactions between the District and District officials or employees were noted.
6. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
7. Board Minutes - I noted no transactions requiring Board approval, which had not been approved by the Board. However, it was noted that the District did not publish all bills as required by Chapter 279.36 of the Code of Iowa.

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, should be published on a monthly basis in compliance with the Code of Iowa.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2005

Response - We will review our policy regarding publication of the bills for the funds that do not contain tax dollars.

Conclusion - Response accepted.

8. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely and I noted no significant deficiencies in the amounts reported.

WILTON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2005

This audit was performed by

Kay Chapman, CPA
Christina Chamberlin, staff accountant
Tammy Calvert, staff accountant



1002 Cypress St. • Wilton, Iowa 52778

JR/SR HIGH SCHOOL

Phone: 563-732-2629
Fax: 563-732-4437

CENTRAL OFFICE:

Phone: 563-732-2035
Fax: 563-732-4121

ELEMENTARY SCHOOL:

Phone: 563-732-2880
Fax: 563-732-4181

NEWS RELEASE

FOR RELEASE:

Kay L. Chapman, CPA PC of Muscatine, Iowa today released an audit report on the Wilton Community School District in Wilton, Iowa.

The District's revenues totaled \$8,997,286 for the year ended June 30, 2005, a 12 percent increase from the prior year. Revenues included \$3,324,286 in local tax, charges for service of \$1,398,844, operating grants, contributions and restricted interest of \$851,308, unrestricted state grants of \$3,344,288, unrestricted interest of \$30,143 and other general revenues of \$48,417.

Expenses for District operations totaled \$8,337,755, a 3 percent increase from the prior year. Expenses included \$5,011,441 for instruction, \$1,980,599 for support services, \$727,742 for non-instructional programs and \$617,973 for other expenses.

A copy of the audit report is available for review in the office of the Auditor of State and the District Secretary's office.