

WILTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2006

WILTON COMMUNITY SCHOOL DISTRICT
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WILTON COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2006

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2005 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
(After September 2005 Election)		
Linda Duncan	Board President	2008
Barbara Smith	Board Member	2006
Christopher Watkins	Board Member	2007
Anthony Hurd	Board Member	2007
Gary Mauer	Board Member	2008
School Officials		
Joe Burnett	Superintendent	2006
Joy Gehrls	District Secretary	2006
Staci Owens-Kirkman	District Treasurer/Business Manager	2006

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, 2006, 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, 2006, 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 16, 2006 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, 2005 (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

Kay L. Chapman, CPA PC
November 16, 2006

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, 2006. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$7,163,540 in fiscal 2005 to \$7,009,616 in fiscal 2006, and General Fund expenditures increased from \$6,909,733 in fiscal 2005 to \$6,957,654 in fiscal 2006. The District's General Fund balance increased from \$860,242 in fiscal 2005 to \$912,939 in fiscal 2006, a 6% increase.
- The decrease in General Fund revenues was attributable to a decrease in property tax and state aid funding due to declining enrollment in fiscal year 2006. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits. One reason the General Fund balance increased is because the district made budget cuts in several areas.
- Due to increased cash available to be invested along with a slight increase in interest rates, interest earnings in the General Fund alone increased from \$23,112 in fiscal 2005 to \$42,317 in fiscal 2006.

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.

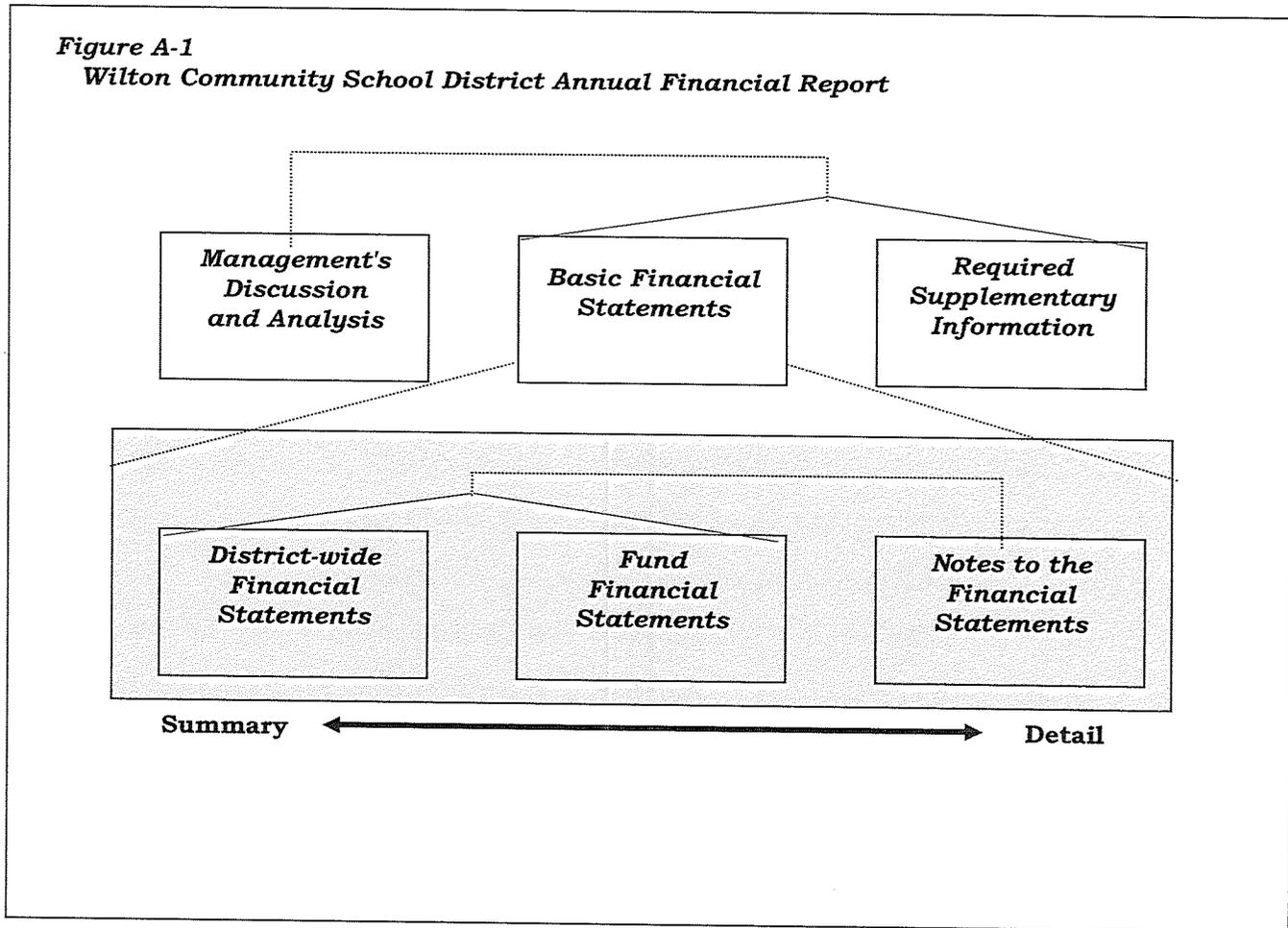


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

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, FFA farm, pool and latchkey programs	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 two

Internal Service Funds, the Self-Insurance Fund and the Employee Flex Benefits 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 the 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, 2006 compared to June 30, 2005.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2005-2006</u>
Current and other assets	\$ 4,677,497	\$ 4,183,054	\$112,178	\$ 188,946	\$ 4,789,675	\$ 4,372,000	9.55%
Capital assets	<u>7,580,481</u>	<u>7,924,692</u>	<u>44,613</u>	<u>50,981</u>	<u>7,625,094</u>	<u>7,975,673</u>	-4.40%
Total assets	<u>12,257,978</u>	<u>12,107,746</u>	<u>156,791</u>	<u>239,927</u>	<u>12,414,769</u>	<u>12,347,673</u>	0.54%
Long-term obligations	2,109,168	2,549,991	-	-	2,109,168	2,549,991	-17.29%
Other liabilities	<u>2,668,114</u>	<u>2,552,346</u>	<u>15,654</u>	<u>17,914</u>	<u>2,683,768</u>	<u>2,570,260</u>	4.42%
Total liabilities	<u>4,777,282</u>	<u>5,102,337</u>	<u>15,654</u>	<u>17,914</u>	<u>4,792,936</u>	<u>5,120,251</u>	-6.39%
Net assets							
Invested in capital assets, net of related debt	5,540,481	5,424,692	44,613	50,981	5,585,094	5,475,673	2.00%
Restricted	775,530	561,264	-	-	775,530	561,264	38.18%
Unrestricted	<u>1,164,685</u>	<u>1,019,453</u>	<u>96,524</u>	<u>132,122</u>	<u>1,261,209</u>	<u>1,151,575</u>	9.52%
Total net assets	<u>\$ 7,480,696</u>	<u>\$ 7,005,409</u>	<u>\$141,137</u>	<u>\$ 183,103</u>	<u>\$ 7,621,833</u>	<u>\$ 7,188,512</u>	6.03%

The District's combined net assets increased by approximately 6%, or \$433,321, from the prior year. The largest portion of the District's net assets is the investment 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 \$214,266, or 38% from the prior year. The increase was primarily a result of the Jr/Sr auditorium construction project that was completed in December 2005 during fiscal year 2006.

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 \$109,634, or approximately 10%. This increase in unrestricted net assets was a result of the District controlling expenditures in anticipation of future declining enrollment.

Figure A-4 shows the change in net assets for the year ended June 30, 2006.

Figure A-4

	Change in Net Assets						
	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2005-2006</u>
Revenues							
Program revenues							
Charges for service and sales	\$ 843,986	\$ 875,520	\$ 492,593	\$ 523,324	\$ 1,336,579	\$ 1,398,844	-4.45%
Operating grants	736,632	714,546	141,380	136,762	878,012	851,308	3.14%
General revenues							
Property tax	2,833,560	2,878,582	-	-	2,833,560	2,878,582	-1.56%
Sales and services tax	503,287	445,704	-	-	503,287	445,704	12.92%
Unrestricted state grants	3,304,390	3,344,288	-	-	3,304,390	3,344,288	-1.19%
Contributions and donations	9,906	32,240	-	-	9,906	32,240	-69.27%
Unrestricted investment earnings	58,264	29,188	1,428	955	59,692	30,143	98.03%
Bond premium	-	8,905	-	-	-	8,905	-100.00%
Gain on sale of capital assets	-	446	-	-	-	446	-100.00%
Other	<u>6,538</u>	<u>6,826</u>	<u>-</u>	<u>-</u>	<u>6,538</u>	<u>6,826</u>	-4.22%
Total revenues	<u>8,296,563</u>	<u>8,336,245</u>	<u>635,401</u>	<u>661,041</u>	<u>8,931,964</u>	<u>8,997,286</u>	-0.73%
Program expenses							
Governmental activities							
Instruction	4,891,026	5,011,441	-	-	4,891,026	5,011,441	-2.40%
Support services	2,190,317	1,980,599	-	-	2,190,317	1,980,599	10.59%
Non-instructional programs	-	51,944	677,368	675,798	677,368	727,742	-6.92%
Other expenses	<u>739,933</u>	<u>617,973</u>	<u>-</u>	<u>-</u>	<u>739,933</u>	<u>617,973</u>	19.74%
Total expenses	<u>7,821,276</u>	<u>7,661,957</u>	<u>677,368</u>	<u>675,798</u>	<u>8,498,644</u>	<u>8,337,755</u>	1.93%
Change in net assets	<u>\$ 475,287</u>	<u>\$ 674,288</u>	<u>\$ (41,967)</u>	<u>\$ (14,757)</u>	<u>\$ 433,320</u>	<u>\$ 659,531</u>	-34.30%

In fiscal 2006, property tax and unrestricted state grants account for 74% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.8% of the revenue from business type activities.

The District's total revenues were \$8,931,964 of which \$8,296,563 was for governmental activities and \$635,401 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a .73% decrease in revenues and a 1.93% increase in expenses. Property tax decreased \$45,022. The increases in expenses related to increases in the negotiated salary and benefits as well as increases in expenses funded by grants received by the District.

Governmental Activities

Revenues for governmental activities were \$8,296,563 and expenses were \$7,821,276. With the district's current decreasing enrollment trend, budget cuts were made through attrition.

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					
	Total Cost of Services			Net Cost of Services		
	2006	2005	Change 2005-2006	2006	2005	Change 2005-2006
Instruction	\$ 4,891,026	\$ 5,011,441	-2.4%	\$ 3,602,689	\$ 3,695,149	-2.5%
Support services	2,190,317	1,980,599	10.6%	2,160,795	1,965,972	9.9%
Non-instructional programs	-	51,944	-100.0%	-	51,944	-100.0%
Other expenses	<u>739,933</u>	<u>617,973</u>	19.7%	<u>477,174</u>	<u>358,826</u>	33.0%
Total expenses	<u>\$ 7,821,276</u>	<u>\$ 7,661,957</u>	2.1%	<u>\$ 6,240,658</u>	<u>\$ 6,071,891</u>	2.8%

- The cost financed by users of the District's programs was \$843,986.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$736,632.
- The net cost of governmental activities was financed with \$3,336,847 in property and other taxes and \$3,304,390 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$635,401 representing a 3.9% decrease from the prior year and expenses were \$677,368, a less than 1% increase over the prior year. 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, 2006, 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 \$1,764,544 well above last year's ending fund balances of \$1,488,192. However, the primary reason for the increase in combined fund balances in fiscal 2006 is due to refunding bonds.

Governmental Fund Highlights

- The General Fund balance increased from \$860,242 to \$912,939 due to budget cuts made.
- The Capital Projects Fund balance increased from \$469,564 to \$670,531 due to the collection of local option sales and services tax being more than the construction project expenditures during the year.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from \$183,104 at June 30, 2005 to \$141,137 at June 30, 2006, representing a decrease of approximately 23%. For fiscal year 2006, 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

During the year, Wilton Community School District did not amend its annual budget.

The District's receipts were \$67,522 more than budgeted receipts, a variance of .8%. The most significant variance resulted from the District receiving more in miscellaneous income than anticipated.

Total expenditures were \$405,766 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the Support Services function due to account coding changes mandated by the Iowa Department of Education after year-end. Therefore, the District did not have time to properly amend its certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the District had invested \$7,625,093 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 decrease of approximately 4% 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 \$348,909.

The original cost of the District's capital assets was \$15,377,436. Governmental funds account for \$15,180,614, with the remainder of \$196,822 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the furniture and equipment category, which was \$360,421 at June 30, 2005 and \$246,408 at June 30, 2006. This significant decrease resulted from disposal of unused furniture and equipment from the district's inventory.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2005-2006</u>
Land	\$ 119,313	\$ 116,103	\$ -	\$ -	\$ 119,313	\$ 116,103	2.76%
Buildings and improvements	7,130,934	7,362,963	-	-	7,130,934	7,362,963	-3.15%
Improvements other than buildings	128,438	136,186	-	-	128,438	136,186	-5.69%
Furniture and equipment	<u>201,796</u>	<u>309,440</u>	<u>44,612</u>	<u>50,981</u>	<u>246,408</u>	<u>360,421</u>	-31.63%
Totals	<u>\$7,580,481</u>	<u>\$7,924,692</u>	<u>\$ 44,612</u>	<u>\$ 50,981</u>	<u>\$7,625,093</u>	<u>\$7,975,673</u>	-4.40%

Long-Term Debt

At June 30, 2006, the District had \$2,109,168 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 17% 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.

Figure A-7
Outstanding Long-term Obligations

	Total		Total
	School District		
	<u>2006</u>	<u>2005</u>	<u>2005-2006</u>
General obligation bonds	\$ 525,000	\$ 750,000	-30.00%
Revenue bonds	1,515,000	1,750,000	-13.43%
Compensated absences	9,466	3,093	206.05%
Early retirement	<u>59,702</u>	<u>46,898</u>	27.30%
Total	<u>\$ 2,109,168</u>	<u>\$ 2,549,991</u>	-17.29%

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 and Cedar Counties had advised the District that the District's total taxable valuation will increase by only .74% for property tax collected in fiscal 2006.
- The District has experienced fluctuating enrollment for the past several years. The district expects declining enrollment in the future, making it difficult to balance future budgets.
- Fiscal 2006 was a one year contract with the Wilton Education Association (WEA). The District will negotiate a new agreement during fiscal 2007 for 2008. 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, 2006

Exhibit A

ASSETS	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,860,602	\$ 99,426	\$ 1,960,028
Receivables			
Property tax			
Delinquent	44,292	-	44,292
Succeeding year	2,562,925	-	2,562,925
Accrued interest	860	-	860
Accounts receivable	1,316	3,770	5,086
Due from other fund	188	8	196
Due from other governments	207,314	1,117	208,431
Inventories	-	7,857	7,857
Capital assets, net of accumulated depreciation	<u>7,580,481</u>	<u>44,613</u>	<u>7,625,094</u>
Total assets	<u>12,257,978</u>	<u>156,791</u>	<u>12,414,769</u>
LIABILITIES			
Accounts payable	20,842	1,641	22,483
Salaries and benefits payable	23,725	13,530	37,255
Accrued interest payable	24,149	-	24,149
Due to other fund	8	188	196
Due to other governments	36,465	295	36,760
Deferred revenue - succeeding year property tax	2,562,925	-	2,562,925
Long-term liabilities			
Portion due within one year			
Bonds payable	225,000	-	225,000
Revenue bonds payable	285,000	-	285,000
Compensated absences	9,466	-	9,466
Early retirement	27,244	-	27,244
Portion due after one year			
Bonds payable	300,000	-	300,000
Revenue bonds payable	1,230,000	-	1,230,000
Early retirement	<u>32,458</u>	<u>-</u>	<u>32,458</u>
Total liabilities	<u>4,777,282</u>	<u>15,654</u>	<u>4,792,936</u>

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

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2006

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,540,481	\$ 44,613	\$ 5,585,094
Restricted for			
Physical plant and equipment levy	19,963	-	19,963
Debt service	5,241	-	5,241
Other special revenue purposes	79,795	-	79,795
Capital projects	670,531	-	670,531
Unrestricted	<u>1,164,685</u>	<u>96,524</u>	<u>1,261,209</u>
Total net assets	<u>\$ 7,480,696</u>	<u>\$ 141,137</u>	<u>\$ 7,621,833</u>

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

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2006

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Governmental Business Type Activities</u>	<u>Activities</u>	<u>Total</u>
Governmental activities							
Instruction							
Regular instruction	\$ 2,997,876	\$ 820,598	\$ 343,465	\$ -	\$ (1,833,813)	\$ -	\$ (1,833,813)
Special instruction	966,671	-	113,792	-	(852,879)	-	(852,879)
Other instruction	926,479	2,717	7,765	-	(915,997)	-	(915,997)
	4,891,026	823,315	465,022	-	(3,602,689)	-	(3,602,689)
Support services							
Student services	272,876	-	-	-	(272,876)	-	(272,876)
Instructional staff services	201,257	-	-	-	(201,257)	-	(201,257)
Administration services	794,019	-	-	-	(794,019)	-	(794,019)
Operation and maintenance of plant services	630,408	65	180	-	(630,163)	-	(630,163)
Transportation services	291,757	20,606	8,671	-	(262,480)	-	(262,480)
	2,190,317	20,671	8,851	-	(2,160,795)	-	(2,160,795)
Other expenditures							
Facilities acquisition	11,127	-	-	-	(11,127)	-	(11,127)
Long-term debt interest	58,202	-	-	-	(58,202)	-	(58,202)
AEA flowthrough	262,759	-	262,759	-	-	-	-
Loss on disposal of capital assets	148,535	-	-	-	(148,535)	-	(148,535)
Depreciation (unallocated) *	259,310	-	-	-	(259,310)	-	(259,310)
	739,933	-	262,759	-	(477,174)	-	(477,174)
Total governmental activities	7,821,276	843,986	736,632	-	(6,240,658)	-	(6,240,658)

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

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2006

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>						
Business type activities						
Non-instructional programs						
Nutrition services	\$ 424,196	\$ 251,460	\$ 141,380	\$ -	\$ (31,356)	\$ (31,356)
FFA farm program	13,634	13,336	-	-	(298)	(298)
Swimming pool	149,078	141,924	-	-	(7,154)	(7,154)
Latchkey program	90,460	85,873	-	-	(4,587)	(4,587)
Total business type activities	<u>677,368</u>	<u>492,593</u>	<u>141,380</u>	-	<u>(43,395)</u>	<u>(43,395)</u>
Total	<u>\$ 8,498,644</u>	<u>\$ 1,336,579</u>	<u>\$ 878,012</u>	<u>(6,240,658)</u>	<u>(43,395)</u>	<u>(6,284,053)</u>
<u>General Revenues</u>						
Property tax levied for						
General purposes				2,532,301	-	2,532,301
Capital projects				61,438	-	61,438
Debt service				239,821	-	239,821
Sales taxes				503,287	-	503,287
Unrestricted state grants				3,304,390	-	3,304,390
Contributions and donations				9,906	-	9,906
Unrestricted investment earnings				58,264	1,428	59,692
Other				6,538	-	6,538
Total general revenues				<u>6,715,945</u>	<u>1,428</u>	<u>6,717,373</u>
Change in net assets				475,287	(41,967)	433,320
Net assets, beginning of year				7,005,409	183,104	7,188,513
Net assets, end of year				<u>\$ 7,480,696</u>	<u>\$ 141,137</u>	<u>\$ 7,621,833</u>

* 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
Balance Sheet
Governmental Funds
June 30, 2006

Exhibit C

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and pooled investments	\$ 823,961	\$ 584,635	\$ 176,798	\$ 1,585,394
Receivables				
Property tax				
Delinquent	37,097	-	7,195	44,292
Succeeding year	2,154,542	-	408,383	2,562,925
Accounts receivable	548	-	768	1,316
Accrued interest	860	-	-	860
Due from other funds	188	-	-	188
Due from other governments	117,096	89,986	232	207,314
Total assets and other debits	<u>\$ 3,134,292</u>	<u>\$ 674,621</u>	<u>\$ 593,376</u>	<u>\$ 4,402,289</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,613	\$ 4,090	\$ 3,919	\$ 14,622
Salaries and benefits payable	23,725	-	-	23,725
Due to other fund	8	-	-	8
Due to other governments	36,465	-	-	36,465
Deferred revenue				
Succeeding year property tax	2,154,542	-	408,383	2,562,925
Total liabilities	<u>2,221,353</u>	<u>4,090</u>	<u>412,302</u>	<u>2,637,745</u>
 Fund balances				
Designated for				
Cash flow	50,000	-	-	50,000
Reserved for				
Debt service	-	-	29,390	29,390
Unreserved, governmental funds	862,939	670,531	-	1,533,470
Unreserved, special revenue funds	-	-	151,684	151,684
Total fund balances	<u>912,939</u>	<u>670,531</u>	<u>181,074</u>	<u>1,764,544</u>
Total liabilities and fund balances	<u>\$ 3,134,292</u>	<u>\$ 674,621</u>	<u>\$ 593,376</u>	<u>\$ 4,402,289</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, 2006

Exhibit D

Total fund balances of governmental funds	\$ 1,764,544
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.	7,580,481
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.	(24,149)
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.	268,988
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>(2,109,168)</u>
Net assets of governmental activities	<u>\$ 7,480,696</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, 2006

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$ 2,420,295	\$ 503,287	\$ 411,576	\$ 3,335,158
Tuition	450,800	-	-	450,800
Other	97,218	18,927	351,097	467,242
Intermediate sources	500	-	-	500
State sources	3,901,331	-	274	3,901,605
Federal sources	139,472	-	180	139,652
Total revenues	<u>7,009,616</u>	<u>522,214</u>	<u>763,127</u>	<u>8,294,957</u>
Expenditures				
Current				
Instruction				
Regular instruction	3,022,616	-	38,146	3,060,762
Special instruction	966,671	-	-	966,671
Other instruction	618,653	-	308,043	926,696
	<u>4,607,940</u>	<u>-</u>	<u>346,189</u>	<u>4,954,129</u>
Support services				
Student services	272,911	-	-	272,911
Instructional staff services	198,658	-	2,599	201,257
Administration services	804,247	635	5,514	810,396
Operation and maintenance of plant services	580,832	-	58,466	639,298
Transportation services	230,307	-	84,592	314,899
	<u>2,086,955</u>	<u>635</u>	<u>151,171</u>	<u>2,238,761</u>
Non-instructional programs	-	-	2,429	2,429
Other expenditures				
Facilities acquisition	-	37,432	3,690	41,122
Long-term debt				
Principal	-	-	460,000	460,000
Interest and fiscal charges	-	-	60,965	60,965
AEA flowthrough	262,759	-	-	262,759
	<u>262,759</u>	<u>37,432</u>	<u>524,655</u>	<u>824,846</u>
Total expenditures	<u>6,957,654</u>	<u>38,067</u>	<u>1,024,444</u>	<u>8,020,165</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, 2006

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 51,962	\$ 484,147	\$(261,317)	\$ 274,792
Other financing sources (uses)				
Sale of equipment and materials	735	-	825	1,560
Interfund operating transfers in (out)	<u>-</u>	<u>(283,180)</u>	<u>283,180</u>	<u>-</u>
Total other financing sources (uses)	<u>735</u>	<u>(283,180)</u>	<u>284,005</u>	<u>1,560</u>
Net change in fund balances	52,697	200,967	22,688	276,352
Fund balance, beginning of year	<u>860,242</u>	<u>469,564</u>	<u>158,386</u>	<u>1,488,192</u>
Fund balance, end of year	<u>\$ 912,939</u>	<u>\$ 670,531</u>	<u>\$ 181,074</u>	<u>\$ 1,764,544</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, 2006

Exhibit F

Net change in fund balances - total governmental funds \$ 276,352

**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	\$ 142,051	
Loss on disposal of capital assets	(148,535)	
Depreciation expense	<u>(337,727)</u>	(344,211)

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. 99,560

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. 460,000

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	(12,804)	
Compensated absences	<u>(6,373)</u>	(19,177)

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. 2,763

Change in net assets of governmental activities \$ 475,287

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

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2006

Exhibit G

	<u>Business Type</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activity</u>
	<u>Nonmajor</u>	<u>Internal</u>
	<u>Enterprise</u>	<u>Service</u>
ASSETS		
Cash and pooled investments	\$ 99,426	\$ 275,208
Accounts receivable	3,770	-
Due from other governments	1,117	-
Due from other fund	8	-
Inventories	7,857	-
Capital assets, net of accumulated depreciation	44,613	-
Total assets	<u>156,791</u>	<u>275,208</u>
LIABILITIES		
Accounts payable	1,641	6,220
Salaries and benefits payable	13,530	-
Due to other governments	295	-
Due to other funds	188	-
Total liabilities	<u>15,654</u>	<u>6,220</u>
NET ASSETS		
Invested in capital assets, net of related debt	44,613	-
Unreserved retained earnings	96,524	268,988
Total net assets	<u>\$ 141,137</u>	<u>\$ 268,988</u>

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, 2006

Exhibit H

	<u>Business Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activity</u>
	<u>Nonmajor</u> <u>Enterprise</u>	<u>Internal</u> <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$ 479,257	\$ 217,312
Sale of product	13,336	-
Total operating revenue	<u>492,593</u>	<u>217,312</u>
Operating expenses		
Instruction		
Regular instruction	99	-
Support services		
Administration services	7,526	-
Operation and maintenance of plant	76,729	-
Transportation services	469	-
Non-instructional programs	592,545	117,798
Total operating expenses	<u>677,368</u>	<u>117,798</u>
Operating income (loss)	<u>(184,775)</u>	<u>99,514</u>
Non-operating revenues		
Interest income	1,428	46
State sources	4,801	-
Federal sources	136,579	-
Total non-operating revenues	<u>142,808</u>	<u>46</u>
Net income (loss)	(41,967)	99,560
Net assets, beginning of year	<u>183,104</u>	<u>169,428</u>
Net assets, end of year	<u>\$ 141,137</u>	<u>\$ 268,988</u>

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, 2006

Exhibit I

	<u>Business Type</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activity</u>
	<u>Nonmajor</u>	<u>Internal</u>
	<u>Enterprise</u>	<u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 478,954	\$ 217,312
Cash received from other operations	13,336	-
Cash payments to employees for services	(389,950)	-
Cash payments to suppliers for goods and services	(249,994)	(117,665)
Net cash provided by (used in) operating activities	<u>(147,654)</u>	<u>99,647</u>
Cash flows from non-capital financing activities		
State grants received	4,801	-
Federal grants received	111,266	-
Net cash provided by non-capital financing activities	<u>116,067</u>	<u>-</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(4,813)	-
Cash flows from investing activities		
Interest on investments	1,428	46
Net increase (decrease) in cash and cash equivalents	(34,972)	99,693
Cash and cash equivalents, beginning of year	134,398	175,515
Cash and cash equivalents, end of year	<u>\$ 99,426</u>	<u>\$ 275,208</u>
 Reconciliation of operating income (loss) to net cash		
provided by (used in) operating activities		
Operating income (loss)	\$(184,775)	\$ 99,514
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	11,182	-
Commodities used	25,313	-
Decrease in accounts receivable	553	-
(Increase) in due from other government	(857)	-
Decrease in inventory	3,097	-
Decrease in due from other fund	92	-
Increase (decrease) in accounts payable	(3,705)	133
Increase in due to other funds	188	-
Increase in due to other governments	295	-
Increase in accrued salaries and benefits	963	-
Net cash provided by (used in) operating activities	<u>\$(147,654)</u>	<u>\$ 99,647</u>

Non-cash investing, capital and financing activities

During the year ended June 30, 2006, the District received \$25,313 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, 2006

Exhibit J

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarships</u>	<u>Agency</u>
Assets		
Cash and pooled investments	\$ 1,274	\$ 34,715
Accounts receivable	<u> -</u>	<u> 67</u>
Total assets	1,274	34,782
Liabilities		
Due to others	<u> -</u>	<u> 34,782</u>
Net assets		
Reserved for scholarships	<u> \$ 1,274</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, 2006

Exhibit K

	Private Purpose Trust <hr/> Scholarships
Additions	
Local sources	
Gifts and contributions	\$ 1,200
Interest	<u>37</u>
Total additions	1,237
 Deductions	
Instruction, regular	
Scholarships	<u>1,200</u>
 Change in net assets	37
Net assets, beginning of year	<u>1,237</u>
 Net assets, end of year	<u><u>\$ 1,274</u></u>

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

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2006

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 no major proprietary funds. However, the District reports four nonmajor enterprise funds, School Nutrition Fund, 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, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2005.

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, 2006. 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, 2006. 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, 2006, expenditures exceeded the amount budgeted in the Support Services function; however, General Fund expenditures exceed the District's unspent authorized budget.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2006 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, 2006, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	Amortized Cost
Diversified Portfolio	\$ 1,012,172

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

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, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Latchkey	\$ 188
School Nutrition	General	<u>8</u>
Totals		<u>\$ 196</u>

These interfund receivables/payables are for supplies and bus use that were unpaid at June 30, 2006.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service Fund	Capital Projects Fund	\$ 283,180

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, 2006 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 116,103	\$ 3,210	\$ -	\$ 119,313
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>116,103</u>	<u>3,210</u>	<u>-</u>	<u>119,313</u>
Capital assets being depreciated:				
Buildings and improvements	13,212,553	28,090	-	13,240,643
Improvements other than buildings	736,954	4,636	-	741,590
Furniture and equipment	<u>1,216,632</u>	<u>106,115</u>	<u>(243,679)</u>	<u>1,079,068</u>
Total capital assets being depreciated	<u>15,166,139</u>	<u>138,841</u>	<u>(243,679)</u>	<u>15,061,301</u>
Less accumulated depreciation for:				
Buildings and improvements	5,849,590	260,119	-	6,109,709
Improvements other than buildings	600,768	12,384	-	613,152
Furniture and equipment	<u>907,192</u>	<u>65,224</u>	<u>(95,144)</u>	<u>877,272</u>
Total accumulated depreciation	<u>7,357,550</u>	<u>337,727</u>	<u>(95,144)</u>	<u>7,600,133</u>
Total capital assets being depreciated, net	<u>7,808,589</u>	<u>(198,886)</u>	<u>(148,535)</u>	<u>7,461,168</u>
Governmental activities capital assets, net	<u>\$ 7,924,692</u>	<u>\$(195,676)</u>	<u>\$(148,535)</u>	<u>\$ 7,580,481</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 196,822	\$ -	\$ -	\$ 196,822
Less accumulated depreciation	<u>(141,028)</u>	<u>(11,182)</u>	<u>-</u>	<u>(152,210)</u>
Business type activities capital assets, net	<u>\$ 55,794</u>	<u>\$(11,182)</u>	<u>\$ -</u>	<u>\$ 44,612</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction		
Regular		\$ 23,824
Other		5,603
Support services		
Student support		8,165
Administration		5,830
Operation and maintenance of plant		2,362
Transportation		32,633
Unallocated depreciation		<u>259,310</u>
Total governmental activities depreciation expense		<u>\$ 337,727</u>

Business type activities

Food services		\$ 8,644
FFA farm		654
Swimming pool		749
Latchkey program		<u>1,135</u>
Total business type activities depreciation expense		<u>\$ 11,182</u>

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 750,000	\$ -	\$ (225,000)	\$ 525,000	\$ 225,000
Revenue bonds	1,750,000	-	(235,000)	1,515,000	285,000
Compensated absences	3,093	9,466	(3,093)	9,466	9,466
Early retirement	<u>46,898</u>	<u>34,142</u>	<u>(21,338)</u>	<u>59,702</u>	<u>27,244</u>
Totals	<u>\$ 2,549,991</u>	<u>\$ 43,608</u>	<u>\$ (484,431)</u>	<u>\$ 2,109,168</u>	<u>\$ 546,710</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, 2006 revenue bonded indebtedness are as follows:

Year	Bond issue of August 1, 2004			
Ending	Interest			
June 30,	Rates	Interest	Principal	Total
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%	5,360	320,000	325,360
Totals		<u>\$ 120,837</u>	<u>\$ 1,515,000</u>	<u>\$ 1,635,837</u>

General Obligation Bonds Payable

Details of the District's June 30, 2006 general obligation bonded indebtedness are as follows:

Year	Bond Issue of April 1, 2004			
Ending	Interest			
June 30,	Rates	Principal	Interest	Total
2007	1.70	\$ 225,000	\$ 10,035	\$ 235,035
2008	2.00	230,000	6,210	236,210
2009	2.30	70,000	1,610	71,610
Totals		<u>\$ 525,000</u>	<u>\$ 17,855</u>	<u>\$ 542,855</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, 2006, 2005 and 2004. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2006, 2005 and 2004 were \$244,382, \$241,572 and \$228,079 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 \$262,759 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, 2006

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Less Funds Not Required to be Budgeted	Net	Budgeted Amounts		Final to Actual Variance
						Original	Final	
Revenues								
Local sources	\$4,253,200	\$711,379	\$4,964,579	\$(217,358)	\$4,747,221	\$4,654,488	\$4,654,488	\$ 92,733
Intermediate sources	500	-	500	-	500	-	-	500
State sources	3,901,605	4,801	3,906,406	-	3,906,406	3,927,248	3,927,248	(20,842)
Federal sources	139,652	136,579	276,231	-	276,231	281,100	281,100	(4,869)
Total revenues	<u>8,294,957</u>	<u>852,759</u>	<u>9,147,716</u>	<u>(217,358)</u>	<u>8,930,358</u>	<u>8,862,836</u>	<u>8,862,836</u>	<u>67,522</u>
Expenditures								
Instruction	4,954,129	99	4,954,228	-	4,954,228	5,320,000	5,320,000	365,772
Support services	2,238,761	84,724	2,323,485	-	2,323,485	1,993,000	1,993,000	(330,485)
Non-instructional programs	2,429	710,343	712,772	(117,798)	594,974	830,700	830,700	235,726
Other expenditures	824,846	-	824,846	-	824,846	959,599	959,599	134,753
Total expenditures	<u>8,020,165</u>	<u>795,166</u>	<u>8,815,331</u>	<u>(117,798)</u>	<u>8,697,533</u>	<u>9,103,299</u>	<u>9,103,299</u>	<u>405,766</u>
Excess (deficiency) of revenues over (under) expenditures Net other financing sources	<u>274,792</u> <u>1,560</u>	<u>57,593</u> <u>-</u>	<u>332,385</u> <u>1,560</u>	<u>(99,560)</u> <u>-</u>	<u>232,825</u> <u>1,560</u>	<u>(240,463)</u> <u>-</u>	<u>(240,463)</u> <u>-</u>	<u>473,288</u> <u>1,560</u>
Net change in fund balance Balance, beginning of year Balance, end of year	<u>276,352</u> <u>1,488,192</u> <u>\$1,764,544</u>	<u>57,593</u> <u>352,532</u> <u>\$410,125</u>	<u>333,945</u> <u>1,840,724</u> <u>\$2,174,669</u>	<u>(99,560)</u> <u>(169,428)</u> <u>\$(268,988)</u>	<u>234,385</u> <u>1,671,296</u> <u>\$1,905,681</u>	<u>(240,463)</u> <u>1,174,281</u> <u>\$ 933,818</u>	<u>(240,463)</u> <u>1,174,281</u> <u>\$ 933,818</u>	<u>474,848</u> <u>497,015</u> <u>\$ 971,863</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2006

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 did not adopt any budget amendments.

During the year ended June 30, 2006, District expenditures exceeded the amount budgeted in the Support Services function; however, General Fund expenditures did not exceed the District's unspent authorized budget.

Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

Schedule 1

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Debt	Total
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	
ASSETS					
Cash and pooled investments	\$ 49,928	\$ 82,946	\$ 18,712	\$ 25,212	\$ 176,798
Receivables					
Property tax					
Current year delinquent	1,984	-	1,063	4,148	7,195
Succeeding year	120,000	-	62,948	225,435	408,383
Accounts receivable	-	768	-	-	768
Due from other governments	14	-	188	30	232
Total assets	<u>\$ 171,926</u>	<u>\$ 83,714</u>	<u>\$ 82,911</u>	<u>\$ 254,825</u>	<u>\$ 593,376</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 3,919	\$ -	\$ -	\$ 3,919
Deferred revenue					
Succeeding year property tax	120,000	-	62,948	225,435	408,383
Total liabilities	<u>120,000</u>	<u>3,919</u>	<u>62,948</u>	<u>225,435</u>	<u>412,302</u>
Fund balances					
Reserved for debt service	-	-	-	29,390	29,390
Unreserved fund balances	51,926	79,795	19,963	-	151,684
Total fund balances	<u>51,926</u>	<u>79,795</u>	<u>19,963</u>	<u>29,390</u>	<u>181,074</u>
Total liabilities and fund balances	<u>\$ 171,926</u>	<u>\$ 83,714</u>	<u>\$ 82,911</u>	<u>\$ 254,825</u>	<u>\$ 593,376</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, 2006

Schedule 2

Revenues	Special Revenue				<u>Total</u>
	<u>Management Levy</u>	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Debt Service</u>	
Local sources					
Local taxes	\$ 110,516	\$ -	\$ 61,398	\$ 239,662	\$ 411,576
Other	4,462	343,794	154	2,687	351,097
State sources	76	-	40	158	274
Federal sources	-	-	180	-	180
Total revenues	<u>115,054</u>	<u>343,794</u>	<u>61,772</u>	<u>242,507</u>	<u>763,127</u>
Expenditures					
Instruction					
Regular program instruction	38,146	-	-	-	38,146
Other instruction	1,500	306,543	-	-	308,043
Support services					
Instructional staff services	-	2,599	-	-	2,599
Administration services	5,135	201	178	-	5,514
Operation and maintenance of plant services	38,719	9,959	8,989	799	58,466
Transportation services	22,876	5,941	55,775	-	84,592
Non-instructional programs	2,429	-	-	-	2,429
Other expenditures					
Facilities acquisition	-	-	3,690	-	3,690
Long-term debt					
Principal	-	-	-	460,000	460,000
Interest and fiscal charges	-	-	-	60,965	60,965
Total expenditures	<u>108,805</u>	<u>325,243</u>	<u>68,632</u>	<u>521,764</u>	<u>1,024,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,249</u>	<u>18,551</u>	<u>(6,860)</u>	<u>(279,257)</u>	<u>(261,317)</u>
Other financing sources					
Sale of materials	-	-	825	-	825
Interfund operating transfers in	-	-	-	283,180	283,180
Total other financing sources	<u>-</u>	<u>-</u>	<u>825</u>	<u>283,180</u>	<u>284,005</u>
Net change in fund balances	6,249	18,551	(6,035)	3,923	22,688
Fund balances, beginning of year	45,677	61,244	25,998	25,467	158,386
Fund balances, end of year	<u>\$ 51,926</u>	<u>\$ 79,795</u>	<u>\$ 19,963</u>	<u>\$ 29,390</u>	<u>\$ 181,074</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2006

Schedule 3

	<u>School Nutrition</u>	<u>FFA Farm</u>	<u>Swimming Pool</u>	<u>Latchkey</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$60,723	\$2,378	\$13,619	\$22,706	\$ 99,426
Accounts receivable	1,563	-	233	1,974	3,770
Due from other governments	-	-	-	1,117	1,117
Due from other fund	8	-	-	-	8
Inventories	7,857	-	-	-	7,857
Capital assets, Net of accumulated depreciation	<u>24,601</u>	<u>2,222</u>	<u>5,120</u>	<u>12,670</u>	<u>44,613</u>
Total assets	<u>94,752</u>	<u>4,600</u>	<u>18,972</u>	<u>38,467</u>	<u>156,791</u>
LIABILITIES					
Accounts payable	-	889	750	2	1,641
Salaries and benefits payable	1,408	-	6,250	5,872	13,530
Due to other governments	-	-	295	-	295
Due to other funds	-	-	-	188	188
Total liabilities	<u>1,408</u>	<u>889</u>	<u>7,295</u>	<u>6,062</u>	<u>15,654</u>
NET ASSETS					
Invested in capital assets	24,601	2,222	5,120	12,670	44,613
Unrestricted	<u>68,743</u>	<u>1,489</u>	<u>6,557</u>	<u>19,735</u>	<u>96,524</u>
Total net assets	<u>\$93,344</u>	<u>\$3,711</u>	<u>\$11,677</u>	<u>\$32,405</u>	<u>\$141,137</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, 2006

Schedule 4

	<u>School</u>	<u>FFA</u>	<u>Swimming</u>	<u>Latchkey</u>	<u>Total</u>
	<u>Nutrition</u>	<u>Farm</u>	<u>Pool</u>		
Operating revenue					
Local sources					
Charges for service	\$ 251,460	\$ -	\$ 141,924	\$ 85,873	\$ 479,257
Sale of product	-	13,336	-	-	13,336
Total operating revenue	<u>251,460</u>	<u>13,336</u>	<u>141,924</u>	<u>85,873</u>	<u>492,593</u>
Operating expenses					
Instruction					
Regular instruction					
Miscellaneous	-	99	-	-	99
Support services					
Administration services					
Benefits	-	-	493	-	493
Purchased services	412	-	2,120	904	3,436
Supplies	1,236	-	-	-	1,236
Miscellaneous	-	-	1,055	1,306	2,361
	<u>1,648</u>	<u>-</u>	<u>3,668</u>	<u>2,210</u>	<u>7,526</u>
Operation and maintenance of plant					
Salaries	-	-	2,296	1,181	3,477
Purchased services	1,265	204	29,810	195	31,474
Supplies	-	626	27,800	2,170	30,596
Depreciation	8,644	654	749	1,135	11,182
	<u>9,909</u>	<u>1,484</u>	<u>60,655</u>	<u>4,681</u>	<u>76,729</u>
Transportation services					
Salaries	-	-	-	454	454
Purchased services	-	-	-	15	15
	<u>-</u>	<u>-</u>	<u>-</u>	<u>469</u>	<u>469</u>
Non-instructional programs					
Salaries	154,814	-	67,793	62,517	285,124
Benefits	76,605	-	12,059	12,980	101,644
Purchased services	-	100	295	951	1,346
Supplies	1,071	11,951	4,608	6,652	24,282
Miscellaneous	180,149	-	-	-	180,149
	<u>412,639</u>	<u>12,051</u>	<u>84,755</u>	<u>83,100</u>	<u>592,545</u>
Total operating expenses	<u>424,196</u>	<u>13,634</u>	<u>149,078</u>	<u>90,460</u>	<u>677,368</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, 2006

Schedule 4

	<u>School Nutrition</u>	<u>FFA Farm</u>	<u>Swimming Pool</u>	<u>Latchkey</u>	<u>Total</u>
Operating loss	\$ (172,736)	\$ (298)	\$ (7,154)	\$ (4,587)	\$ (184,775)
Non-operating revenue					
Interest income	923	91	150	264	1,428
State sources	4,801	-	-	-	4,801
Federal sources	<u>136,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,579</u>
Total non-operating revenue	<u>142,303</u>	<u>91</u>	<u>150</u>	<u>264</u>	<u>142,808</u>
Net loss	(30,433)	(207)	(7,004)	(4,323)	(41,967)
Net assets, beginning of year	<u>123,777</u>	<u>3,918</u>	<u>18,681</u>	<u>36,728</u>	<u>183,104</u>
Net assets, end of year	<u>\$ 93,344</u>	<u>\$ 3,711</u>	<u>\$ 11,677</u>	<u>\$ 32,405</u>	<u>\$ 141,137</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, 2006

Schedule 5

	School Nutrition	FFA Farm	Swimming Pool	Latchkey	Total
Cash flows from operating activities					
Cash received from sale of services	\$ 252,572	-	\$ 141,785	\$ 84,597	\$ 478,954
Cash received from other operations	-	13,336	-	-	13,336
Cash payments to employees for services	(230,790)	-	(82,534)	(76,626)	(389,950)
Cash payments to suppliers for goods and services	(156,230)	(15,787)	(65,663)	(12,314)	(249,994)
Net cash used in operating activities	<u>(134,448)</u>	<u>(2,451)</u>	<u>(6,412)</u>	<u>(4,343)</u>	<u>(147,654)</u>
Cash flows from non-capital financing activities					
State grants received	4,801	-	-	-	4,801
Federal grants received	111,266	-	-	-	111,266
Net cash provided by non-capital financing activities	<u>116,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,067</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	-	-	(4,813)	-	(4,813)
Cash flows from investing activities					
Interest on investments	923	91	150	264	1,428
Net decrease in cash and cash equivalents	(17,458)	(2,360)	(11,075)	(4,079)	(34,972)
Cash and cash equivalents, beginning of year	78,181	4,738	24,694	26,785	134,398
Cash and cash equivalents, end of year	<u>\$ 60,723</u>	<u>\$ 2,378</u>	<u>\$ 13,619</u>	<u>\$ 22,706</u>	<u>\$ 99,426</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, 2006

Schedule 5

	School <u>Nutrition</u>	FFA <u>Farm</u>	Swimming <u>Pool</u>	Latchkey	<u>Total</u>
Reconciliation of operating loss to net cash used in operating activities					
Operating loss	\$ (172,736)	\$ (298)	\$ (7,154)	\$ (4,587)	\$ (184,775)
Adjustments to reconcile operating loss to net cash used in operating activities					
Depreciation	8,644	654	749	1,135	11,182
Commodities used	25,313	-	-	-	25,313
(Increase) decrease in accounts receivable	1,112	-	(139)	(420)	553
(Increase) in due from other governments	-	-	-	(857)	(857)
Decrease in inventory	3,097	-	-	-	3,097
(Increase) decrease in due from other fund	(8)	-	-	100	92
(Decrease) in accounts payable	(507)	(2,807)	(270)	(121)	(3,705)
Increase in due to other funds	-	-	-	188	188
Increase in due to other governments	-	-	295	-	295
Increase in accrued salaries and benefits	637	-	107	219	963
Net cash used in operating activities	<u>\$ (134,448)</u>	<u>\$ (2,451)</u>	<u>\$ (6,412)</u>	<u>\$ (4,343)</u>	<u>\$ (147,654)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2006, the District received \$25,313 of federal commodities.

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, 2006

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 46,841</u>	<u>\$ 81,901</u>	<u>\$ 93,960</u>	<u>\$ 34,782</u>
Liabilities				
Due to others	<u>\$ 46,841</u>	<u>\$ 81,901</u>	<u>\$ 93,960</u>	<u>\$ 34,782</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, 2006

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Drama/speech	\$ 1,322	\$ 2,737	\$ 2,674	\$ 1,385
Vocal - elementary	-	214	214	-
Vocal - high school	2,900	5,341	5,558	2,683
Instrumental - elementary	297	1,724	1,987	34
Instrumental - high school	3,838	7,567	8,657	2,748
Weight-lifting	946	6,006	3,295	3,657
Cross country	207	3,017	1,557	1,667
Boys' basketball	2,071	15,666	16,208	1,529
Football	3,767	29,752	28,890	4,629
Baseball	2,309	33,201	33,741	1,769
Boys' track	20	10,746	8,635	2,131
Boys' golf	38	1,639	1,480	197
Wrestling	1,868	13,235	11,849	3,254
Girls' basketball	3,187	13,529	12,778	3,938
Volleyball	3,352	13,034	13,037	3,349
Softball	52	10,033	10,538	(453)
Girls' track	12	11,538	8,918	2,632
Girls' golf	-	934	647	287
Student services	65	316	197	184
PIE	93	203	296	-
Elementary student leaders	121	-	-	121
Students 4 Earth	260	929	54	1,135
Elementary Earth keepers	134	258	130	262
Yearbook - high school	7,858	16,264	16,610	7,512
Yearbook - elementary	206	1,385	1,334	257
Stepperettes	1,952	13,545	12,362	3,135
Cheerleaders - high school	1,941	4,285	5,243	983
FFA	1,164	18,148	13,517	5,795
FHA	835	8,130	7,682	1,283
Elementary student activity	4,490	13,777	13,414	4,853
National Honor Society	594	677	817	454

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, 2006

Schedule 7

Account	Balance, End of <u>Year</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of <u>Year</u>
Pep club	\$ 815	\$ 1,376	\$ 1,780	\$ 411
Cheerleaders - junior high	46	-	-	46
Student advisory - junior high	1,036	1,690	1,882	844
Student council - high school	1,225	4,686	3,955	1,956
Senior class	136	-	136	-
Junior class	402	1,131	1,144	389
Sophomore class	401	2,103	1,068	1,436
Freshmen class	505	260	281	484
Eighth grade class	224	33,241	33,332	133
Seventh grade class	530	-	530	-
Media - elementary	3,737	6,843	7,663	2,917
Media - jr. and sr. high	1,043	774	470	1,347
6th Gr Beaver Store	-	370	173	197
Enterprise systems	-	86	56	30
Fall canteen	-	10,196	10,196	-
Winter canteen	-	7,605	7,605	-
Spring canteen	-	3,949	3,949	-
Summer canteen	4,921	9,854	8,704	6,071
Concession Bldg Project	-	1,800	-	1,800
S.O.D.A.	324	-	-	324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 61,244</u>	<u>\$ 343,794</u>	<u>\$ 325,243</u>	<u>\$ 79,795</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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues				
Local sources				
Local tax	\$ 3,335,158	\$ 3,322,477	\$ 3,019,853	\$ 3,055,626
Tuition	450,800	493,872	424,635	445,675
Other	467,242	446,842	318,516	268,526
Intermediate sources	500	3,060	-	5,740
State sources	3,901,605	3,901,564	3,498,132	3,555,417
Federal sources	139,652	159,079	134,745	109,410
Total revenues	<u>\$ 8,294,957</u>	<u>\$ 8,326,894</u>	<u>\$ 7,395,881</u>	<u>\$ 7,440,394</u>
Expenditures				
Instruction				
Regular instruction	3,060,762	3,096,370	3,389,717	3,046,998
Special instruction	966,671	921,668	1,091,956	977,873
Other instruction	926,696	1,042,339	629,615	536,738
Support services				
Student services	272,911	263,003	302,904	358,935
Instructional staff services	201,257	156,403	141,931	134,407
Administration services	810,396	769,867	655,070	615,932
Operation and maintenance of plant services	639,298	507,485	489,795	419,753
Transportation services	314,899	286,540	221,345	191,265
Non-instructional programs	2,429	51,944	40,301	41,497
Other expenditures				
Facilities acquisition	41,122	2,074,304	1,152,032	87,247
Long-term debt				
Principal	460,000	215,000	195,000	190,000
Interest and other charges	60,965	69,432	62,809	60,108
AEA flowthrough	262,759	259,147	248,092	265,275
Total expenditures	<u>\$ 8,020,165</u>	<u>\$ 9,713,502</u>	<u>\$ 8,620,567</u>	<u>\$ 6,926,028</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, 2006, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated November 16, 2006. 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, 2006 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 16, 2006

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2006

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were reported.

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. I noted that the same individual performed the following duties: 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.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2006 exceeded the amount budgeted in the Support Services function.

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

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2006

Response - The budget overexpenditure this year resulted from changes to our chart of accounts and account coding mandated by the Iowa Department of Education. The Iowa Department of Education did not provide final guidance on these changes until after year-end, which did not allow adequate time to properly amend our certified budget. We are usually very attentive of our certified budget and sufficiently amend our budget before allowing expenditures to exceed budgeted amounts.

Conclusion - Response accepted.

2. 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.
3. 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.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. 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.
6. 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. Also, 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 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. The District should also 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 review our policy regarding publication of the bills for the funds that do not contain tax dollars. We will also include the depository limits in the board minutes in future years.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2006

7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. 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.
9. 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, 2006

This audit was performed by

Kay Chapman, CPA
Tammy Calvert, staff accountant