

WILTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2007

WILTON COMMUNITY SCHOOL DISTRICT  
Table of Contents  
June 30, 2007

	<u>Page</u>
<b>Officials</b>	1
<b>Independent Auditor's Report</b>	2-3
<b>Management's Discussion and Analysis</b>	4-13
<b>Basic Financial Statements</b>	<u>Exhibit</u>
Government-wide Financial Statements	
Statement of Net Assets	A 15-16
Statement of Activities	B 17-18
Governmental Fund Financial Statements	
Balance Sheet	C 19
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 20
Statement of Revenues, Expenditures and Changes in Fund Balances	E 21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 23
Proprietary Fund Financial Statements	
Statement of Net Assets	G 24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H 25
Statement of Cash Flows	I 26
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	J 27
Statement of Changes in Fiduciary Net Assets	K 28
<b>Notes to Financial Statements</b>	29-42
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	44
Notes to Required Supplementary Information - Budgetary Reporting	45

WILTON COMMUNITY SCHOOL DISTRICT

Table of Contents

June 30, 2007

	<u>Schedule</u>	<u>Page</u>
<b>Other Supplementary Information</b>		
Nonmajor Governmental Funds		
Combining Balance Sheet	1	47
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2	48
Nonmajor Enterprise Funds		
Combining Statement of Net Assets	3	49
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	4	50-51
Combining Statement of Cash Flows	5	52
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund	6	53
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	7	54-55
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	8	56
 <b>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 <u>Government Auditing Standards</u></b>		57-59
 <b>Schedule of Findings</b>		60-63
 <b>Audit Staff</b>		64

WILTON COMMUNITY SCHOOL DISTRICT  
 Officials  
 June 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education</b>		
(Before September 2006 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
(After September 2006 Election)		
Linda Duncan	Board President	2008
Christopher Watkins	Board Member	2007
Anthony Hurd	Board Member	2007
Gary Mauer	Board Member	2008
Jeff Belknap	Board Member	2009
<b>School Officials</b>		
Joe Burnett	Superintendent	2007
Joy Gehrls	District Secretary	2007
Staci Owens-Kirkman	District Treasurer/Business Manager	2007

**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, 2007, 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, 2007, 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 March 24, 2008 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 44 through 45 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. Other supplementary information included in Schedules 1 through 7 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. 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, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. In my opinion, the information set forth in the supplementary information for each of the four years in the period ended June 30, 2007, appearing in Schedule 8, is fairly stated, in all material respects in relation to the basic financial statements from which it has been derived.

*Kay L. Chapman, CPA PC*

Kay L. Chapman, CPA PC  
March 24, 2008

---

## 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, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,009,616 in fiscal 2006 to \$7,369,127 in fiscal 2007, and General Fund expenditures increased from \$6,957,654 in fiscal 2006 to \$7,152,819 in fiscal 2007. The District's General Fund balance increased from \$915,771 in fiscal 2006 to \$1,131,844 in fiscal 2007, a 23% increase.
- The increase in General Fund revenues was attributable to a 4% State allowable growth for new money as well as increased cash reserve levy to fund spending authority in fiscal year 2007. 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 \$42,317 in fiscal 2006 to \$72,091 in fiscal 2007.

### 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.

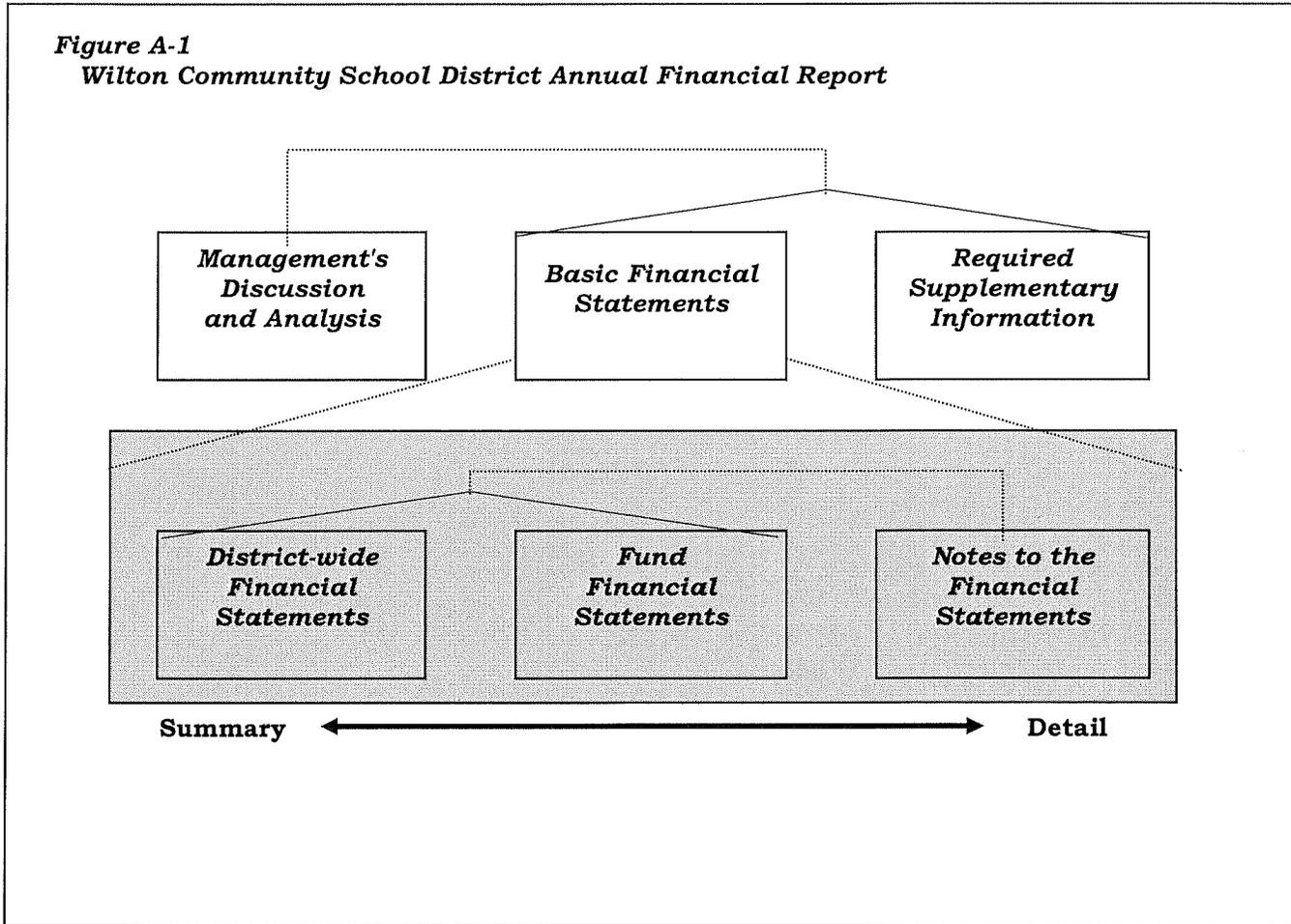


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**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"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
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, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets

	Governmental		Business-type		Total		Total
	Activities		Activities		School District		Change
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2006-2007</u>
Current and other assets	\$ 5,614,701	\$ 4,677,497	\$ 144,513	\$ 112,178	\$ 5,759,214	\$ 4,789,675	20.24%
Capital assets	<u>7,639,485</u>	<u>7,580,481</u>	<u>35,176</u>	<u>44,613</u>	<u>7,674,661</u>	<u>7,625,094</u>	0.65%
Total assets	<u>13,254,186</u>	<u>12,257,978</u>	<u>179,689</u>	<u>156,791</u>	<u>13,433,875</u>	<u>12,414,769</u>	8.21%
Long-term obligations	1,592,483	2,109,168	-	-	1,592,483	2,109,168	-24.50%
Other liabilities	<u>2,912,965</u>	<u>2,668,114</u>	<u>17,628</u>	<u>15,654</u>	<u>2,930,593</u>	<u>2,683,768</u>	9.20%
Total liabilities	<u>4,505,448</u>	<u>4,777,282</u>	<u>17,628</u>	<u>15,654</u>	<u>4,523,076</u>	<u>4,792,936</u>	-5.63%
Net assets							
Invested in capital assets, net of related debt	6,109,485	5,540,481	35,176	44,613	6,144,661	5,585,094	10.02%
Restricted	859,383	775,530	-	-	859,383	775,530	10.81%
Unrestricted	<u>1,779,870</u>	<u>1,164,685</u>	<u>126,885</u>	<u>96,524</u>	<u>1,906,755</u>	<u>1,261,209</u>	51.18%
Total net assets	<u>\$ 8,748,738</u>	<u>\$ 7,480,696</u>	<u>\$ 162,061</u>	<u>\$ 141,137</u>	<u>\$ 8,910,799</u>	<u>\$ 7,621,833</u>	16.91%

The District's combined net assets increased by approximately 17%, or \$1,288,966, 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 \$83,853, or 11% from the prior year.

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 \$645,546, or approximately 51%.

Figure A-4 shows the change in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

Figure A-4  
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2007	2006	2007	2006	2007	2006	2006-2007
Revenues							
Program revenues							
Charges for service and sales	\$ 837,504	\$ 843,986	\$ 511,408	\$ 492,593	\$1,348,912	\$ 1,336,579	0.92%
Operating grants	837,056	736,632	149,395	141,380	986,451	878,012	12.35%
General revenues							
Property tax	3,222,101	2,833,560	-	-	3,222,101	2,833,560	13.71%
Sales and services tax	534,270	503,287	-	-	534,270	503,287	6.16%
Unrestricted state grants	3,445,926	3,304,390	-	-	3,445,926	3,304,390	4.28%
Contributions and donations	9,930	9,906	-	-	9,930	9,906	0.24%
Unrestricted investment earnings	97,439	58,264	2,810	1,428	100,249	59,692	67.94%
Other	<u>13,950</u>	<u>6,538</u>	<u>-</u>	<u>-</u>	<u>13,950</u>	<u>6,538</u>	113.37%
Total revenues	<u>8,998,176</u>	<u>8,296,563</u>	<u>663,613</u>	<u>635,401</u>	<u>9,661,789</u>	<u>8,931,964</u>	8.17%
Program expenses							
Governmental activities							
Instruction	4,860,239	4,891,026	-	-	4,860,239	4,891,026	-0.63%
Support services	2,395,507	2,190,317	-	-	2,395,507	2,190,317	9.37%
Non-instructional programs	9,499	-	640,579	677,368	650,078	677,368	-4.03%
Other expenses	<u>710,414</u>	<u>739,933</u>	<u>-</u>	<u>-</u>	<u>710,414</u>	<u>739,933</u>	-3.99%
Total expenses	<u>7,975,659</u>	<u>7,821,276</u>	<u>640,579</u>	<u>677,368</u>	<u>8,616,238</u>	<u>8,498,644</u>	1.38%
Change in net assets before transfers	1,022,517	475,287	23,034	(41,967)	1,045,551	433,320	141.29%
Transfers	<u>900</u>	<u>-</u>	<u>(900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	0.00%
Change in net assets	<u>\$ 1,023,417</u>	<u>\$ 475,287</u>	<u>\$ 22,134</u>	<u>\$ (41,967)</u>	<u>\$1,045,551</u>	<u>\$ 433,320</u>	141.29%

In fiscal 2007, 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% of the revenue from business type activities.

The District's total revenues were \$9,661,789 of which \$8,998,176 was for governmental activities and \$663,613 was for business type activities.

As shown in Figure A-4, the District as a whole experienced an 8% increase in revenues and a 1% increase in expenses. Property tax increased \$388,541. The increases in revenues are attributable to increased miscellaneous revenues as well as cash reserve. Increased expenses relate to increases in the negotiated salary and benefits.

### Governmental Activities

Revenues for governmental activities were \$8,998,176 and expenses were \$7,975,659. 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		
	2007	2006	Change 2006- 2007	2007	2006	Change 2006- 2007
Instruction	\$ 4,860,239	\$4,891,026	-0.6%	\$ 3,524,881	\$ 3,602,689	-2.2%
Support services	2,395,507	2,190,317	9.4%	2,337,511	2,160,795	8.2%
Non-instructional programs	9,499	-	-100.0%	9,499	-	100.0%
Other expenses	<u>710,414</u>	<u>739,933</u>	-4.0%	<u>429,208</u>	<u>477,174</u>	-10.1%
Total expenses	<u>\$ 7,975,659</u>	<u>\$7,821,276</u>	2.0%	<u>\$ 6,301,099</u>	<u>\$ 6,240,658</u>	1.0%

- The cost financed by users of the District's programs was \$837,504.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$837,056.
- The net cost of governmental activities was financed with \$3,756,371 in property and other taxes and \$3,445,926 in unrestricted state grants.

### Business Type Activities

Revenues for business type activities were \$663,613 representing a 4% increase from the prior year and expenses were \$640,579, a 5% decrease from 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, 2007, the Nutrition Fund did increase lunch prices 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 2007 is due to refunding bonds.

### **Governmental Fund Highlights**

- The General Fund balance increased from \$915,771 to \$1,131,844 due to budget cuts made and increased miscellaneous income and cash reserve levy.
- The Capital Projects Fund balance increased from \$670,531 to \$732,619 due to the collection of local option sales and services tax being more than was spent on infrastructure projects.

### **Proprietary Fund Highlights**

Enterprise Fund net assets increased from \$139,927 at June 30, 2006 to \$162,061 at June 30, 2007, representing an increase of approximately 15%. For fiscal year 2007 the District increased meal prices resulting in the increase in net assets.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Wilton Community School District amended its annual budget one time to reflect additional expenditures in Support Services and Total Other Expenditures.

The District's revenues were \$21,251 more than budgeted revenues, a variance of less than 1%. The most significant variance resulted from the District receiving more in miscellaneous income than anticipated.

Total expenditures were \$1,170,988 less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2007, the District had invested \$7,674,660 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 2% 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 \$352,668.

The original cost of the District's capital assets was \$15,752,397. Governmental funds account for \$15,555,575, 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 \$433,429 at June 30, 2006 and \$314,623 at June 30, 2007. 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>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>Change</u> <u>2006-</u> <u>2007</u>
Land	\$ 119,313	\$ 119,313	\$ -	\$ -	\$ 119,313	\$ 119,313	0.00%
Buildings and improvements	7,090,704	7,177,273	-	-	7,090,704	7,177,273	-1.21%
Improvements other than buildings	150,020	136,871	-	-	150,020	136,871	9.61%
Furniture and equipment	<u>279,448</u>	<u>388,817</u>	<u>35,175</u>	<u>44,612</u>	<u>314,623</u>	<u>433,429</u>	-27.41%
Totals	<u>\$7,639,485</u>	<u>\$7,822,274</u>	<u>\$ 35,175</u>	<u>\$ 44,612</u>	<u>\$7,674,660</u>	<u>\$7,866,886</u>	-2.44%

### Long-Term Debt

At June 30, 2007, the District had \$1,592,483 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 25% 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>2007</u>	<u>2006</u>	<u>Change</u> <u>2006-</u> <u>2007</u>	
General obligation bonds	\$ 300,000	\$ 525,000	-42.86%
Revenue bonds	1,230,000	1,515,000	-18.81%
Compensated absences	11,511	9,466	21.60%
Early retirement	<u>50,972</u>	<u>59,702</u>	-14.62%
Total	<u>\$ 1,592,483</u>	<u>\$ 2,109,168</u>	-24.50%

## **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 3.14% for property tax collected in fiscal 2007.
- 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 2007 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, District Treasurer/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, 2007

Exhibit A

<b>Assets</b>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Cash and cash equivalents			
Cash with fiscal agent	\$ 498,982	\$ -	\$ 498,982
Other	1,852,592	123,884	1,976,476
Receivables			
Property tax			
Delinquent	87,865	-	87,865
Succeeding year	2,667,106	-	2,667,106
Accounts receivable	5,199	8,054	13,253
Accrued interest	1,058	-	1,058
Income surtax	320,917	-	320,917
Due from other governments	180,598	1,645	182,243
Due from other fund	384	-	384
Inventories	-	10,930	10,930
Non-depreciable capital assets	119,313	-	119,313
Capital assets, net of accumulated depreciation	<u>7,520,172</u>	<u>35,176</u>	<u>7,555,348</u>
Total assets	<u>13,254,186</u>	<u>179,689</u>	<u>13,433,875</u>
<b>Liabilities</b>			
Accounts payable	86,111	5,133	91,244
Salaries and benefits payable	140,155	11,843	151,998
Accrued interest payable	19,313	-	19,313
Due to other fund	-	384	384
Due to other governments	-	268	268
Deferred revenue			
Succeeding year property tax	2,667,106	-	2,667,106
Other	280	-	280
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	230,000	-	230,000
Revenue bonds payable	295,000	-	295,000
Early retirement payable	27,247	-	27,247
Portion due after one year			
General obligation bonds payable	70,000	-	70,000
Revenue bonds payable	935,000	-	935,000
Compensated absences	11,511	-	11,511
Early retirement payable	<u>23,725</u>	<u>-</u>	<u>23,725</u>
Total liabilities	<u>4,505,448</u>	<u>17,628</u>	<u>4,523,076</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
June 30, 2007

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	\$ 6,109,485	\$ 35,176	\$ 6,144,661
Restricted for			
Non-public textbook aid	276	-	276
Market factor pay program	2,195	-	2,195
Teacher Quality Additional Pay program	2,345	-	2,345
Teacher Mentoring program	359	-	359
Talented and Gifted program	10,173	-	10,173
Management levy	14,707	-	14,707
Physical plant and equipment levy	19,680	-	19,680
Debt service	2,919	-	2,919
Other special revenue purposes	74,110	-	74,110
Capital projects	732,619	-	732,619
Unrestricted	<u>1,779,870</u>	<u>126,885</u>	<u>1,906,755</u>
Total net assets	<u>\$ 8,748,738</u>	<u>\$162,061</u>	<u>\$ 8,910,799</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2007

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Primary Government
<b>Functions/Programs</b>					
<b>Primary Government</b>					
Governmental activities					
Instruction					
Regular instruction	\$ 4,578,524	\$ 663,058	\$ 399,119	\$ -	\$ (3,516,347)
Special instruction	1,149	142,284	115,083	-	256,218
Other instruction	280,566	3,920	11,894	-	(264,752)
	<u>4,860,239</u>	<u>809,262</u>	<u>526,096</u>	<u>-</u>	<u>(3,524,881)</u>
Support services					
Student	311,469	-	-	-	(311,469)
Instructional staff	188,721	-	-	-	(188,721)
Administration	850,761	-	-	-	(850,761)
Operation and maintenance of plant	699,746	70	24,820	-	(674,856)
Transportation	344,810	28,172	4,934	-	(311,704)
	<u>2,395,507</u>	<u>28,242</u>	<u>29,754</u>	<u>-</u>	<u>(2,337,511)</u>
	<u>9,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,499)</u>
Non-instructional programs					
Other expenditures					
Facilities acquisition	10,296	-	-	-	(10,296)
Long-term debt interest	46,710	-	-	-	(46,710)
AEA flowthrough	281,206	-	281,206	-	-
Loss on disposal of capital assets	100,458	-	-	-	(100,458)
Depreciation (unallocated) *	271,744	-	-	-	(271,744)
	<u>710,414</u>	<u>-</u>	<u>281,206</u>	<u>-</u>	<u>(429,208)</u>
	<u>7,975,659</u>	<u>837,504</u>	<u>837,056</u>	<u>-</u>	<u>(6,301,099)</u>
Total governmental activities					

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2007

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	Primary Government Activities	Total
<b><u>Functions/Programs (continued)</u></b>						
<b>Primary Government (continued)</b>						
Business type activities						
Non-instructional programs						
Food service operations	\$ 402,271	\$ 278,354	\$ 146,827	\$ -	\$ 22,910	\$ 22,910
FFA farm program	17,241	16,683	-	-	(558)	(558)
Swimming pool	132,002	135,034	-	-	3,032	3,032
Latchkey program	89,065	81,337	2,568	-	(5,160)	(5,160)
Total business type activities	640,579	511,408	149,395	-	20,224	20,224
Total primary government	\$ 8,616,238	\$ 1,348,912	\$ 986,451	\$ -	(6,301,099)	(6,280,875)
<b><u>General Revenues</u></b>						
Property tax levied for						
General purposes				2,933,579	-	2,933,579
Debt service				225,543	-	225,543
Capital outlay				62,979	-	62,979
Local option sales and services tax				534,270	-	534,270
Unrestricted state grants				3,445,926	-	3,445,926
Contributions and donations				9,930	-	9,930
Unrestricted investment earnings				97,439	2,810	100,249
Other				13,950	-	13,950
Transfers				900	(900)	-
Total general revenues and transfers				7,324,516	1,910	7,326,426
Change in net assets				1,023,417	22,134	1,045,551
Net assets, beginning of year				7,725,321	139,927	7,865,248
Net assets, end of year				\$ 8,748,738	\$ 162,061	\$ 8,910,799

\* This amount excludes the depreciation included in the direct expenses of the various programs.  
See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2007

Exhibit C

<b>Assets</b>	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash and pooled investments				
Cash with fiscal agent	\$ -	\$ 498,982	\$ -	\$ 498,982
Other	1,174,199	134,199	182,468	1,490,866
Receivables				
Property tax				
Delinquent	29,225	53,234	5,406	87,865
Succeeding year	2,274,210	-	392,896	2,667,106
Accounts receivable	4,885	-	314	5,199
Accrued interest	1,058	-	-	1,058
Income surtax	320,917	-	-	320,917
Due from other governments	134,373	46,204	21	180,598
Due from other funds	1,416	-	54	1,470
<b>Total assets</b>	<u>\$3,940,283</u>	<u>\$732,619</u>	<u>\$581,159</u>	<u>\$5,254,061</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 72,877	\$ -	\$ 5,476	\$ 78,353
Salaries and benefits payable	140,155	-	-	140,155
Due to other funds	-	-	1,086	1,086
Deferred revenue				
Succeeding year property tax	2,274,210	-	392,896	2,667,106
Income surtax	320,917	-	-	320,917
Other	280	-	-	280
<b>Total liabilities</b>	<u>2,808,439</u>	<u>-</u>	<u>399,458</u>	<u>3,207,897</u>
<b>Fund balances</b>				
Reserved for				
Debt service	-	-	22,232	22,232
Talented and Gifted program	10,173	-	-	10,173
Teacher Mentoring program	359	-	-	359
Teacher Quality Additional Pay program	2,345	-	-	2,345
Market Factor funds	2,195	-	-	2,195
Non-public Textbook Aid	276	-	-	276
RIF program	538	-	-	538
Unreserved				
Designated for				
ISP	14,745	-	-	14,745
Cash flow	50,000	-	-	50,000
Special purpose	-	516,329	-	516,329
Undesignated, governmental funds	1,051,213	216,290	-	1,267,503
Undesignated special revenue funds	-	-	159,469	159,469
<b>Total fund balances</b>	<u>1,131,844</u>	<u>732,619</u>	<u>181,701</u>	<u>2,046,164</u>
<b>Total liabilities and fund balances</b>	<u>\$3,940,283</u>	<u>\$732,619</u>	<u>\$581,159</u>	<u>\$5,254,061</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
June 30, 2007

Exhibit D

<b>Total fund balances of governmental funds</b>	<b>\$2,046,164</b>
<b>Amounts reported for governmental activities in the Statement of Net Assets are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,639,485
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	320,917
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.	(19,313)
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.	353,968
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,592,483)</u>
<b>Net assets of governmental activities</b>	<b><u>\$8,748,738</u></b>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$2,474,522	\$534,270	\$ 408,325	\$3,417,117
Tuition	477,812	-	-	477,812
Other	142,557	27,569	311,989	482,115
State sources	4,134,620	-	256	4,134,876
Federal sources	139,616	-	24,820	164,436
Total revenues	<u>7,369,127</u>	<u>561,839</u>	<u>745,390</u>	<u>8,676,356</u>
Expenditures				
Current				
Instruction				
Regular	3,051,540	-	39,571	3,091,111
Special	942,504	-	1,149	943,653
Other	634,297	-	287,460	921,757
	<u>4,628,341</u>	<u>-</u>	<u>328,180</u>	<u>4,956,521</u>
Support services				
Student	321,797	-	-	321,797
Instructional staff	187,645	-	1,076	188,721
Administration	852,907	491	7,047	860,445
Operation and maintenance of plant	645,640	-	53,939	699,579
Transportation	235,283	-	86,499	321,782
	<u>2,243,272</u>	<u>491</u>	<u>148,561</u>	<u>2,392,324</u>
Non-instructional programs	-	-	9,499	9,499
Other expenditures				
Facilities acquisition	-	172,349	25,823	198,172
Long-term debt				
Principal	-	-	510,000	510,000
Interest and fiscal charges	-	-	51,546	51,546
AEA flowthrough	281,206	-	-	281,206
	<u>281,206</u>	<u>172,349</u>	<u>587,369</u>	<u>1,040,924</u>
Total expenditures	<u>7,152,819</u>	<u>172,840</u>	<u>1,073,609</u>	<u>8,399,268</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 216,308	\$388,999	\$ (328,219)	\$ 277,088
Other financing sources (uses)				
Sale of equipment and materials	800	-	-	800
Interfund operating transfers in	-	-	328,846	328,846
Interfund operating transfers (out)	<u>(1,035)</u>	<u>(326,911)</u>	<u>-</u>	<u>(327,946)</u>
Total other financing sources (uses)	<u>(235)</u>	<u>(326,911)</u>	<u>328,846</u>	<u>1,700</u>
Net change in fund balances	216,073	62,088	627	278,788
Fund balance, beginning of year, as restated	<u>915,771</u>	<u>670,531</u>	<u>181,074</u>	<u>1,767,376</u>
Fund balance, end of year	<u>\$1,131,844</u>	<u>\$732,619</u>	<u>\$ 181,701</u>	<u>\$2,046,164</u>

See notes to financial statements.

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, 2007

Exhibit F

**Net change in fund balances - total governmental funds** \$ 278,788

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$260,900	
Loss on disposal of capital assets	(100,458)	
Depreciation expense	<u>(343,231)</u>	(182,789)

Certain revenues not collected for several months after year-end are not considered available revenue and are deferred in the governmental funds. 320,917

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. 84,980

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. 510,000

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	\$ 8,730	
Compensated absences	<u>(2,045)</u>	6,685

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. 4,836

**Change in net assets of governmental activities** \$1,023,417

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Net Assets  
Proprietary Funds  
June 30, 2007

Exhibit G

	<u>Business Type</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
	<u>Nonmajor</u>	<u>Internal</u>
	<u>Enterprise</u>	<u>Service</u>
<b>Assets</b>		
Cash and cash equivalents	\$123,884	\$361,726
Accounts receivable	8,054	-
Due from other governments	1,645	-
Inventories	10,930	-
Capital assets, net of accumulated depreciation	35,176	-
Total assets	<u>179,689</u>	<u>361,726</u>
<b>Liabilities</b>		
Accounts payable	5,133	7,758
Salaries and benefits payable	11,843	-
Due to other funds	384	-
Due to other governments	268	-
Total liabilities	<u>17,628</u>	<u>7,758</u>
<b>Net Assets</b>		
Invested in capital assets	35,176	-
Unrestricted	<u>126,885</u>	<u>353,968</u>
Total net assets	<u>\$162,061</u>	<u>\$353,968</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

Exhibit H

	<u>Business Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
	<u>Nonmajor</u> <u>Enterprise</u>	<u>Internal</u> <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$494,725	\$ 208,273
Sale of product	16,683	-
Total operating revenue	<u>511,408</u>	<u>208,273</u>
Operating expenses		
Support services		
Administration	4,200	-
Operation and maintenance of plant	66,660	-
Transportation	554	-
Non-instructional programs	569,165	123,396
Total operating expenses	<u>640,579</u>	<u>123,396</u>
Operating income (loss)	<u>(129,171)</u>	<u>84,877</u>
Non-operating revenues		
Interest income	2,810	103
State sources	4,474	-
Federal sources	144,921	-
Total non-operating revenues	<u>152,205</u>	<u>103</u>
Net income before transfers	23,034	84,980
Transfers out	<u>(900)</u>	<u>-</u>
Net income	22,134	84,980
Net assets, beginning of year	<u>139,927</u>	<u>268,988</u>
Net assets, end of year	<u>\$ 162,061</u>	<u>\$ 353,968</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2007

Exhibit I

	<u>Business Type</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Activities</u>
	Nonmajor <u>Enterprise</u>	Internal <u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 489,975	\$208,273
Cash received from other operations	16,683	-
Cash payments to employees for services	(364,315)	-
Cash payments to suppliers for goods and services	<u>(243,867)</u>	<u>(121,858)</u>
Net cash provided by (used in) operating activities	<u>(101,524)</u>	<u>86,415</u>
Cash flows from non-capital financing activities		
Operating transfers out	(900)	-
State grants received	4,474	-
Federal grants received	<u>119,598</u>	-
Net cash provided by non-capital financing activities	<u>123,172</u>	-
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities		
Interest on investments	<u>2,810</u>	<u>103</u>
Net increase in cash and cash equivalents	24,458	86,518
Cash and cash equivalents, beginning of year	99,426	275,208
Cash and cash equivalents, end of year	<u>\$ 123,884</u>	<u>\$361,726</u>

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

Operating income (loss)	\$(129,171)	\$ 84,877
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	9,437	-
Commodities used	25,323	-
(Increase) in accounts receivable	(3,492)	-
Decrease in due from other government	8	-
(Increase) in inventory	(4,283)	-
Increase in accounts payable	3,492	1,538
Increase in due from other fund	196	-
Increase in due to other governments	(27)	-
Increase in accrued salaries and benefits	<u>(3,007)</u>	-
Net cash provided by (used in) operating activities	<u>\$ (101,524)</u>	<u>\$ 86,415</u>

**Non-cash investing, capital and financing activities**

During the year ended June 30, 2007, the District received \$25,323 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

Exhibit J

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarships</u>	<u>Agency</u>
<b>Assets</b>		
Cash and pooled investments	\$ 1,017	\$45,205
Accrued interest receivable	-	-
Accounts receivable	-	-
Total assets	1,017	45,205
<b>Liabilities</b>		
Due to others	-	45,205
<b>Net assets</b>		
Reserved for scholarships	\$ 1,017	\$ -

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended June 30, 2007

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 900
Interest	<u>43</u>
Total additions	943
Deductions	
Instruction, regular	
Scholarships	<u>1,200</u>
Change in net assets	(257)
Net assets, beginning of year	<u>1,274</u>
Net assets, end of year	<u><u>\$1,017</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2007

**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 not meeting 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, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

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 funds are charges to customers for sales and services and sales of crop. 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 twelve 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, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2006.

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

Salaries and Benefits Payable - Payroll and related expenditures associated with hourly employees for work performed in June but not paid until July, have been accrued as liabilities.

Early Retirement Termination Benefits - 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, 2007. 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, 2007. 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 unspent federal grant proceeds, property tax and income surtaxes receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of unspent federal grant proceeds and 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 Balance - 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.

Designated Fund Balance - The District has designated a portion of its fund balance for specific programs and cash flows.

Net Assets - Invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consist of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$14,707 of restricted net assets which is restricted by enabling legislation.

#### E. Budgeting and Budgetary Accounting

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

## Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2007 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, 2007, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$ 1,567,295

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, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Latchkey	\$ 330
General	Student Activity	1,086
Student Activity	School Nutrition	<u>54</u>
Totals		<u>\$ 1,470</u>

These interfund payables from Student Activity and Latchkey to General Fund are for bus usage during fiscal 2007 that were unpaid at June 30, 2007. The interfund payable from School Nutrition to Student Activity was reimbursement for supplies that was unpaid as of June 30, 2007.

#### Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,035
Capital Projects Fund	-	326,911
Non-major governmental funds	326,911	-
Non-major special revenue funds	1,935	-
Non-major enterprise funds	<u>900</u>	<u>-</u>
Total	<u>\$ 329,746</u>	<u>\$ 327,946</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfer from the General Fund to the Student Activity Fund was to pay for some of the expenses associated with the musical performed, the transfer from the FFA Farm fund to the Student Activity Fund was to correct a deposit recorded in the wrong fund and the transfer from the Capital Projects Fund to the Debt Service Fund was to make principal and interest payments on debt.

#### Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

<u>Governmental activities</u>	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Capital assets not being depreciated:				
Land	<u>\$ 119,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,313</u>
Capital assets being depreciated:				
Buildings and improvements	13,286,809	160,565	-	13,447,374
Improvements other than buildings	750,023	26,878	-	776,901
Furniture and equipment	<u>1,266,089</u>	<u>73,457</u>	<u>(127,559)</u>	<u>1,211,987</u>
Total capital assets being depreciated	<u>15,302,921</u>	<u>260,900</u>	<u>(127,559)</u>	<u>15,436,262</u>
Less accumulated depreciation for:				
Buildings and improvements	6,109,536	247,134	-	6,356,670
Improvements other than buildings	613,152	13,729	-	626,881
Furniture and equipment	<u>877,272</u>	<u>82,368</u>	<u>(27,101)</u>	<u>932,539</u>
Total accumulated depreciation	<u>7,599,960</u>	<u>343,231</u>	<u>(27,101)</u>	<u>7,916,090</u>
Total capital assets being depreciated, net	<u>7,702,961</u>	<u>(82,331)</u>	<u>(100,458)</u>	<u>7,520,172</u>
Governmental activities capital assets, net	<u>\$ 7,822,274</u>	<u>\$ (82,331)</u>	<u>\$(100,458)</u>	<u>\$ 7,639,485</u>

Business type activities

Furniture and equipment	\$ 196,822	\$ -	\$ -	\$ 196,822
Less accumulated depreciation	<u>(152,210)</u>	<u>(9,437)</u>	<u>-</u>	<u>(161,647)</u>
Business type activities capital assets, net	<u>\$ 44,612</u>	<u>\$ (9,437)</u>	<u>\$ -</u>	<u>\$ 35,175</u>

Depreciation expense was charged to the following functions:

**Governmental activities**

Instruction	
Regular	\$ 31,065
Other	3,246
Support services	
Administration	7,781
Operation and maintenance of plant	3,667
Transportation	25,728
Unallocated depreciation	<u>271,744</u>
Total governmental activities depreciation expense	<u>\$ 343,231</u>

**Business type activities**

Food services	\$ 7,010
FFA farm	654
Swimming pool	749
Latchkey program	<u>1,024</u>
Total business type activities depreciation expense	<u>\$ 9,437</u>

During the year ended June 30, 2007 the District noticed several errors in their capital asset records; therefore, the beginning balances of capital assets being depreciation was increased by \$241,620 and the beginning accumulated depreciation was decreased by \$173, resulting in a net increase to the capital assets of \$241,793. The beginning balance for net assets in the government-wide financial statements was increased by \$241,793 to reflect the effects of these corrections.

**Note 6. Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 525,000	\$ -	\$(225,000)	\$ 300,000	\$ 230,000
Revenue bonds	1,515,000	-	(285,000)	1,230,000	295,000
Compensated absences	9,466	2,045	-	11,511	-
Early retirement	<u>59,702</u>	<u>18,514</u>	<u>(27,244)</u>	<u>50,972</u>	<u>27,247</u>
Totals	<u>\$ 2,109,168</u>	<u>\$ 20,559</u>	<u>\$(537,244)</u>	<u>\$ 1,592,483</u>	<u>\$ 552,247</u>

Interest costs incurred and charged to expense on all long-term debt was \$51,547 for the year ended June 30, 2007. During the year ended June 30, 2007, the District made principal payments on total long-term debt of \$537,244.

Revenue Bonds

On August 1, 2004, the District issued School Infrastructure Sales and Services Tax Revenue Bonds. The proceeds of the bonds were 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, 2007 revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond issue of August 1, 2004			
	Interest Rates	Interest	Principal	Total
2008	2.75%	\$ 33,536	\$ 295,000	\$ 328,536
2009	3.00%	24,905	305,000	329,905
2010	3.10%	15,525	310,000	325,525
2011	3.35%	<u>5,360</u>	<u>320,000</u>	<u>325,360</u>
Totals		<u>\$ 79,326</u>	<u>\$ 1,230,000</u>	<u>\$ 1,309,326</u>

### Early Retirement Termination Benefit

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must complete an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to 30% of the last three years base salary plus \$50 per day for unused sick leave days. The benefit is paid over a three year period beginning in January of the year following early retirement.

At June 30, 2007, the District had obligations to six participants with a total liability of \$50,972. Actual early retirement expenditures for the year ended June 30, 2007 totaled \$27,244.

### General Obligation Bonds

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Interest Rates	Bond Issue of April 1, 2004		
		Principal	Interest	Total
2008	2.00	\$ 230,000	\$ 6,210	\$ 236,210
2009	2.30	<u>70,000</u>	<u>1,610</u>	<u>71,610</u>
Totals		<u>\$ 300,000</u>	<u>\$ 7,820</u>	<u>\$ 307,820</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, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$253,822, \$244,382 and \$241,572 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 \$281,206 adjusting entry to the cash basis financial statements.

## **Note 10. Self-funded Health Insurance**

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully loaded through a BC/BS of Iowa plan. The district buys down the deductible to \$250 with an out-of-pocket maximum of \$1,000. The funding for this portion of Self-Insurance Fund comes from the difference in premiums. The district expenses out the \$250 deductible plans, but only pays BC/BS for the \$750 deductible plan. For the dental insurance the district hires Employee Benefit Systems out of Burlington, Iowa as a third party administrator for all dental claims. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. For the vision insurance the district processes all claims in the Central Office as we have fixed amounts for each area of coverage which makes claims processing simple and straightforward. The funding for this portion of the Self-Insurance Fund comes directly from premiums expensed. Funds for all three self-insured plans are kept locally in one account separate from all others.

The Flexible Spending Fund is used for the section 125 plan for medical expenses and dependent care expenses. The funds are kept locally in a separate account, but all claims are processed through Employee Benefit Systems in Burlington, Iowa.

At June 30, 2007, the District had accumulated an excess of \$353,968 in its Internal Service Funds to cover employee health care and section 125 claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2007, 2006, 2005, 2004 and 2003. All submitted claims had been paid or accrued at June 30, 2007. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2008. The District is contingently liable for any claims in excess of funds available at June 30, 2007.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Year Ended June 30,	
	2007	2006
Unpaid claims, beginning of year	\$ 6,220	\$ 6,087
Current year claims and changes in estimates	89,596	87,875
Claim payments	<u>(88,058)</u>	<u>(87,742)</u>
Unpaid claims, end of year	<u>\$ 7,758</u>	<u>\$ 6,220</u>

**Note 11. Contingencies**

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2007, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 10, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

**Note 12. Restatement of Beginning Balances**

The beginning net assets of the governmental activities in the Statement of Activities was increased by \$244,625 because net capital assets were incorrectly reported in the previous fiscal year and the beginning General Fund balance was restated. Also during the year ended June 30, 2007 errors in the previous year accruals were discovered in the General Fund and School Nutrition Fund. Therefore, the beginning balances of those funds have been restated as follows: General Fund increased \$2,832 and School Nutrition Fund decreased \$1,210.

**Note 13. Pending Litigation**

At June 30, 2007 the District was involved in a case of pending litigation. The District has filed a lawsuit against an architect used for a building project in previous fiscal years. It is difficult to estimate the outcome of the litigation and the potential awards that might be received by the District. Therefore, no asset for potential awards has been calculated.

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, 2007

	Governmental Funds		Proprietary Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
Revenues								
Local sources	\$4,377,044		\$514,218		\$4,891,262	\$4,904,140	\$4,904,140	\$ (12,878)
Intermediate sources	-		-		-	500	500	(500)
State sources	4,134,876		4,474		4,139,350	4,106,978	4,106,978	32,372
Federal sources	164,436		144,921		309,357	307,100	307,100	2,257
Total revenues	<u>8,676,356</u>		<u>663,613</u>		<u>9,339,969</u>	<u>9,318,718</u>	<u>9,318,718</u>	<u>21,251</u>
Expenditures								
Instruction	4,956,521		-		4,956,521	5,380,600	5,380,600	424,079
Support services	2,392,324		71,414		2,463,738	2,305,250	2,600,000	136,262
Non-instructional programs	9,499		569,165		578,664	775,235	775,235	196,571
Other expenditures	1,040,924		-		1,040,924	1,209,929	1,455,000	414,076
Total expenditures	<u>8,399,268</u>		<u>640,579</u>		<u>9,039,847</u>	<u>9,671,014</u>	<u>10,210,835</u>	<u>1,170,988</u>
Excess (deficiency) of revenues over (under) expenditures	277,088		23,034		300,122	(352,296)	(892,117)	1,192,239
Net other financing sources	<u>1,700</u>		<u>(900)</u>		<u>800</u>	<u>500</u>	<u>500</u>	<u>300</u>
Net change in fund balance	278,788		22,134		300,922	(351,796)	(891,617)	1,192,539
Balance, beginning of year, as restated	1,767,376		139,927		1,907,303	1,713,661	1,713,661	193,642
Balance, end of year	<u>\$2,046,164</u>		<u>\$162,061</u>		<u>\$2,208,225</u>	<u>\$1,361,865</u>	<u>\$ 822,044</u>	<u>\$1,386,181</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Notes to Required Supplementary Information – Budgetary Reporting  
For the Year Ended June 30, 2007

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. 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 function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing expenditures by \$539,821.

During the year ended June 30, 2007, District expenditures did not exceed the amounts budgeted in any function nor did General Fund expenditures exceed the District's unspent authorized budget.

## Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

Schedule 1

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Debt	Total
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 64,949	\$ 79,400	\$ 18,852	\$ 19,267	\$ 182,468
Receivables					
Property tax					
Current year delinquent	1,628	-	825	2,953	5,406
Succeeding year	99,999	-	61,287	231,610	392,896
Accounts receivable	-	314	-	-	314
Due from other governments	6	-	3	12	21
Due from other funds	-	54	-	-	54
Total assets	<u>\$166,582</u>	<u>\$79,768</u>	<u>\$ 80,967</u>	<u>\$253,842</u>	<u>\$581,159</u>
<b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 904	\$ 4,572	\$ -	\$ -	\$ 5,476
Due to other funds	-	1,086	-	-	1,086
Deferred revenue					
Succeeding year property tax	<u>99,999</u>	<u>-</u>	<u>61,287</u>	<u>231,610</u>	<u>392,896</u>
Total liabilities	<u>100,903</u>	<u>5,658</u>	<u>61,287</u>	<u>231,610</u>	<u>399,458</u>
Fund balances					
Reserved for debt service	-	-	-	22,232	22,232
Unreserved fund balances	<u>65,679</u>	<u>74,110</u>	<u>19,680</u>	<u>-</u>	<u>159,469</u>
Total fund balances	<u>65,679</u>	<u>74,110</u>	<u>19,680</u>	<u>22,232</u>	<u>181,701</u>
Total liabilities and fund balances	<u>\$166,582</u>	<u>\$79,768</u>	<u>\$ 80,967</u>	<u>\$253,842</u>	<u>\$581,159</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, 2007

Schedule 2

	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Revenues					
Local sources					
Local taxes	\$119,982	\$ -	\$ 62,940	\$225,403	\$ 408,325
Other	7,961	300,832	462	2,734	311,989
State sources	77	-	39	140	256
Federal sources	-	-	24,820	-	24,820
Total revenues	128,020	300,832	88,261	228,277	745,390
Expenditures					
Current					
Instruction					
Regular	39,571	-	-	-	39,571
Special	1,149	-	-	-	1,149
Other	1,650	285,810	-	-	287,460
Total instruction	42,370	285,810	-	-	328,180
Support services					
Instructional staff	-	1,076	-	-	1,076
Administration	5,056	1,178	13	800	7,047
Operation and maintenance of plant	41,455	12,484	-	-	53,939
Transportation	15,887	7,904	62,708	-	86,499
Total support services	62,398	22,642	62,721	800	148,561
Non-instructional programs	9,499	-	-	-	9,499
Other expenditures					
Facilities acquisition	-	-	25,823	-	25,823
Long-term debt					
Principal	-	-	-	510,000	510,000
Interest and fiscal charges	-	-	-	51,546	51,546
Total other expenditures	-	-	25,823	561,546	587,369
Total expenditures	114,267	308,452	88,544	562,346	1,073,609
Excess (deficiency) of revenues over (under) expenditures	13,753	(7,620)	(283)	(334,069)	(328,219)
Other financing sources					
Interfund operating transfers in	-	1,935	-	326,911	328,846
Net change in fund balances	13,753	(5,685)	(283)	(7,158)	627
Fund balances, beginning of year	51,926	79,795	19,963	29,390	181,074
Fund balances, end of year	\$ 65,679	\$74,110	\$ 19,680	\$ 22,232	\$ 181,701

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2007

Schedule 3

	<u>School</u> <u>Nutrition</u>	<u>FFA</u> <u>Farm</u>	<u>Swimming</u> <u>Pool</u>	<u>Latchkey</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 83,387	\$5,016	\$17,162	\$18,319	\$123,884
Accounts receivable	5,684	-	-	2,370	8,054
Due from other governments	-	-	-	1,645	1,645
Inventories	10,930	-	-	-	10,930
Capital assets, net of accumulated depreciation	<u>17,591</u>	<u>1,568</u>	<u>4,371</u>	<u>11,646</u>	<u>35,176</u>
Total assets	<u>117,592</u>	<u>6,584</u>	<u>21,533</u>	<u>33,980</u>	<u>179,689</u>
<b>Liabilities</b>					
Accounts payable	-	4,161	669	303	5,133
Salaries and benefits payable	543	-	5,662	5,638	11,843
Due to other governments	-	-	268	-	268
Due to other funds	<u>54</u>	-	-	<u>330</u>	<u>384</u>
Total liabilities	<u>597</u>	<u>4,161</u>	<u>6,599</u>	<u>6,271</u>	<u>17,628</u>
<b>Net Assets</b>					
Invested in capital assets	17,591	1,568	4,371	11,646	35,176
Unrestricted	<u>99,404</u>	<u>855</u>	<u>10,563</u>	<u>16,063</u>	<u>126,885</u>
Total net assets	<u>\$116,995</u>	<u>\$2,423</u>	<u>\$14,934</u>	<u>\$27,709</u>	<u>\$162,061</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2007

Schedule 4

	School <u>Nutrition</u>	FFA <u>Farm</u>	Swimming <u>Pool</u>	<u>Latchkey</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 278,354	\$ -	\$135,034	\$81,337	\$ 494,725
Sale of product	-	16,683	-	-	16,683
Total operating revenue	<u>278,354</u>	<u>16,683</u>	<u>135,034</u>	<u>81,337</u>	<u>511,408</u>
 Operating expenses					
Support services					
Administration					
Benefits	-	-	233	115	348
Purchased services	595	-	1,129	503	2,227
Supplies	55	-	-	-	55
Miscellaneous	-	-	923	647	1,570
	<u>650</u>	<u>-</u>	<u>2,285</u>	<u>1,265</u>	<u>4,200</u>
Operation and maintenance of plant					
Salaries	-	-	1,732	1,891	3,623
Benefits	-	-	185	321	506
Purchased services	1,486	100	15,427	-	17,013
Supplies	1,196	2,889	29,883	2,113	36,081
Depreciation	7,010	654	749	1,024	9,437
	<u>9,692</u>	<u>3,643</u>	<u>47,976</u>	<u>5,349</u>	<u>66,660</u>
Transportation					
Salaries	-	-	-	533	533
Purchased services	-	-	-	21	21
	<u>-</u>	<u>-</u>	<u>-</u>	<u>554</u>	<u>554</u>
Non-instructional programs					
Salaries	146,944	-	66,031	59,553	272,528
Benefits	61,260	-	11,342	13,136	85,738
Purchased services	584	-	14	922	1,520
Supplies	183,141	13,598	4,354	8,286	209,379
	<u>391,929</u>	<u>13,598</u>	<u>81,741</u>	<u>81,897</u>	<u>569,165</u>
Total operating expenses	<u>402,271</u>	<u>17,241</u>	<u>132,002</u>	<u>89,065</u>	<u>640,579</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2007

Schedule 4

	<u>School</u> <u>Nutrition</u>	<u>FFA</u> <u>Farm</u>	<u>Swimming</u> <u>Pool</u>	<u>Latchkey</u>	<u>Total</u>
Operating income (loss)	\$(123,917)	\$ (558)	\$ 3,032	\$ (7,728)	\$(129,171)
Non-operating revenue					
Interest income	1,951	170	225	464	2,810
State sources	4,474	-	-	-	4,474
Federal sources	142,353	-	-	2,568	144,921
Total non-operating revenue	<u>148,778</u>	<u>170</u>	<u>225</u>	<u>3,032</u>	<u>152,205</u>
Net income (loss) before transfers	24,861	(388)	3,257	(4,696)	23,034
Transfers out	<u>-</u>	<u>(900)</u>	<u>-</u>	<u>-</u>	<u>(900)</u>
Net income (loss)	24,861	(1,288)	3,257	(4,696)	22,134
Net assets, beginning of year, as restated	<u>92,134</u>	<u>3,711</u>	<u>11,677</u>	<u>32,405</u>	<u>139,927</u>
Net assets, end of year	<u>\$ 116,995</u>	<u>\$ 2,423</u>	<u>\$ 14,934</u>	<u>\$ 27,709</u>	<u>\$ 162,061</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, 2007

Schedule 5

	<u>School Nutrition</u>	<u>FFA Farm</u>	<u>Swimming Pool</u>	<u>Latchkey</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from sale of services	\$ 274,295	\$ -	\$ 135,267	\$ 80,413	\$ 489,975
Cash received from other operations	-	16,683	-	-	16,683
Cash payments to employees for services	(209,069)	-	(80,138)	(75,108)	(364,315)
Cash payments to suppliers for goods and service	(166,017)	(13,315)	(51,811)	(12,724)	(243,867)
Net cash provided by (used in) operating activities	<u>(100,791)</u>	<u>3,368</u>	<u>3,318</u>	<u>(7,419)</u>	<u>(101,524)</u>
Cash flows from non-capital financing activities					
Operatating transfers out	-	(900)	-	-	(900)
State grants received	4,474	-	-	-	4,474
Federal grants received	<u>117,030</u>	<u>-</u>	<u>-</u>	<u>2,568</u>	<u>119,598</u>
Net cash provided by (used in) non-capital financing activities	<u>121,504</u>	<u>(900)</u>	<u>-</u>	<u>2,568</u>	<u>123,172</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities					
Interest on investments	<u>1,951</u>	<u>170</u>	<u>225</u>	<u>464</u>	<u>2,810</u>
Net increase (decrease) in cash and cash equivalents	22,664	2,638	3,543	(4,387)	24,458
Cash and cash equivalents, beginning of year	60,723	2,378	13,619	22,706	99,426
Cash and cash equivalents, end of year	<u>\$ 83,387</u>	<u>\$ 5,016</u>	<u>\$ 17,162</u>	<u>\$ 18,319</u>	<u>\$ 123,884</u>

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

Operating income (loss )	\$(123,917)	\$ (558)	\$ 3,032	\$ (7,728)	\$(129,171)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	7,010	654	749	1,024	9,437
Commodities used	25,323	-	-	-	25,323
(Increase) decrease in accounts receivable	(4,121)	-	233	396	(3,492)
Decrease in due from other governments	8	-	-	-	8
(Increase) in inventory	(4,283)	-	-	-	(4,283)
Increase (decrease) in accounts payable	-	3,272	(81)	301	3,492
Increase in due to other funds	54	-	-	142	196
(Decrease) in due to other governments	-	-	(27)	-	(27)
(Decrease) in accrued salaries and benefits	(865)	-	(588)	(1,554)	(3,007)
Net cash provided by (used in) operating activities	<u>\$(100,791)</u>	<u>\$ 3,368</u>	<u>\$ 3,318</u>	<u>\$ (7,419)</u>	<u>\$(101,524)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received \$25,323 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, 2007

Schedule 6

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 34,782</u>	<u>\$ 75,665</u>	<u>\$ 65,242</u>	<u>\$45,205</u>
Liabilities				
Due to others	<u>\$ 34,782</u>	<u>\$ 75,665</u>	<u>\$ 65,242</u>	<u>\$45,205</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, 2007

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
Drama/speech	\$ 1,385	\$ 2,333	\$ 2,235	\$ 1,483
Musical drama	-	6,361	6,361	-
Vocal - elementary	-	274	274	-
Vocal - high school	2,683	6,103	4,863	3,923
Instrumental - elementary	34	1,545	1,433	146
Instrumental - high school	2,748	7,054	8,776	1,026
Weight-lifting	3,657	5	1,699	1,963
Cross country	1,667	3,050	4,377	340
Boys' basketball	1,529	21,434	19,469	3,494
Football	4,629	33,994	30,489	8,134
Baseball	1,769	20,663	22,173	259
Boys' track	2,131	5,274	5,410	1,995
Boys' golf	197	3,236	3,219	214
Wrestling	3,254	9,784	9,917	3,121
Girls' basketball	3,938	15,554	16,325	3,167
Volleyball	3,349	16,673	16,968	3,054
Softball	(453)	16,635	16,995	(813)
Girls' track	2,138	7,058	7,527	1,669
Girls' golf	287	3,274	3,117	444
Student services	184	1,132	1,161	155
PIE	-	271	64	207
Elementary student leaders	121	-	-	121
Students 4 Earth	1,135	4	13	1,126
Elementary Earth keepers	262	-	-	262
Yearbook - high school	7,512	15,180	18,931	3,761
Yearbook - elementary	257	1,212	1,319	150
Stepperettes	3,135	8,478	8,506	3,107
Cheerleaders - high school	983	3,446	3,748	681
FFA	5,795	14,970	18,045	2,720
FHA	1,283	7,148	7,243	1,188
E.A.T. club	-	83	-	83
Elementary student activity	4,853	2,559	2,277	5,135
National Honor Society	454	400	717	137

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, 2007

Schedule 7

Account	Balance, End of <u>Year</u>	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of <u>Year</u>
Pep club	\$ 411	\$ 1,882	\$ 2,291	\$ 2
Cheerleaders - junior high	46	76	76	46
Student advisory - junior high	844	4,419	4,518	745
Student council - high school	1,956	4,141	4,954	1,143
Senior class	-	124	-	124
Junior class	389	1,650	1,113	926
Sophomore class	1,436	664	976	1,124
Freshmen class	484	-	351	133
Eighth grade class	133	15,390	15,017	506
Seventh grade class	-	469	469	-
Media - elementary	2,917	4,535	5,828	1,624
Media - jr. and sr. high	1,347	665	444	1,568
6th Gr Beaver Store	197	-	135	62
Enterprise systems	30	1,251	1,281	-
Fall canteen	-	7,458	7,458	-
Winter canteen	-	7,582	7,582	-
Spring canteen	-	2,763	2,709	54
Summer canteen	6,565	10,511	9,599	7,477
Concession Bldg Project	1,800	4,000	-	5,800
S.O.D.A.	324	-	-	324
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 79,795</u>	<u>\$ 302,767</u>	<u>\$ 308,452</u>	<u>\$ 74,110</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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues				
Local sources				
Local tax	\$3,417,117	\$3,335,158	\$ 3,322,477	\$3,019,853
Tuition	477,812	450,800	493,872	424,635
Other	482,115	467,242	446,842	318,516
Intermediate sources	-	500	3,060	-
State sources	4,134,876	3,901,605	3,901,564	3,498,132
Federal sources	164,436	139,652	159,079	134,745
Total revenues	<u>\$8,676,356</u>	<u>\$8,294,957</u>	<u>\$ 8,326,894</u>	<u>\$7,395,881</u>
Expenditures				
Current				
Instruction				
Regular	\$3,091,111	\$3,060,762	\$ 3,096,370	\$3,389,717
Special	943,653	966,671	921,668	1,091,956
Other	921,757	926,696	1,042,339	629,615
Support services				
Student	321,797	272,911	263,003	302,904
Instructional staff	188,721	201,257	156,403	141,931
Administration	860,445	810,396	769,867	655,070
Operation and maintenance of plant	699,579	639,298	507,485	489,795
Transportation	321,782	314,899	286,540	221,345
Non-instructional programs	9,499	2,429	51,944	40,301
Other expenditures				
Facilities acquisition	198,172	41,122	2,074,304	1,152,032
Long-term debt				
Principal	510,000	460,000	215,000	195,000
Interest and other charges	51,546	60,965	69,432	62,809
AEA flowthrough	281,206	262,759	259,147	248,092
Total expenditures	<u>\$8,399,268</u>	<u>\$8,020,165</u>	<u>\$ 9,713,502</u>	<u>\$8,620,567</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, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated March 24, 2008. 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 as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Wilton Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as described below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wilton Community School District's ability to initiate, authorize, record process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Wilton Community School District's financial statements that is more than inconsequential will not be prevented or detected by Wilton Community

School District's internal control. I consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Wilton Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe items A and B are material weaknesses.

#### 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, 2007 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.

Wilton Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions in the District's responses, I did not audit Wilton Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Wilton Community School District and other parties to whom Wilton Community School 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*

Kay L. Chapman, CPA PC  
March 24, 2008

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2007

**Part I. Findings Related to the Financial Statements**

INSTANCES OF NON-COMPLIANCE

No matters were reported.

SIGNIFICANT DEFICIENCIES

- 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 for some funds, 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.

- B. Financial Reporting - Reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires the business manager or district management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. The business manager is able to perform the duties required in the normal course of business and to prepare the CAR in accordance with the Department of Education requirements. However, the business manager presently lacks the qualifications and training to appropriately prepare the annual financial statements and footnote disclosures in compliance with GAAP. This is a common situation in small entities where accounting personnel typically do not have four-year accounting degrees and do not receive annual training in order to stay current on new accounting and reporting standards and requirements.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2007

Recommendation - The business manager should consider obtaining GAAP knowledge through reading relevant accounting literature and/or attending professional education courses to help her significantly improve in her ability to prepare reliable GAAP financial statements, including footnote disclosures.

Response - We believe that the business manager has sufficient knowledge to perform her daily duties and take responsibility for the annual financial statements and footnote disclosure in compliance with GAAP, as prepared by the auditor. We will investigate alternatives to our controls, but believe that it would not be an efficient use of District funds to get the necessary training for the business manager to comply with this recommendation.

Conclusion - Response accepted.

- C. Use of District's Federal Identification Number - It was noted during the audit that the WHS Applied Economics #1 and #2 organizations are using the District's federal identification number on their bank accounts.

Recommendation - Organizations that are not part of the school district should not use the District's federal identification number. The District should contact the organizations and insist that they discontinue using the District's federal identification number. If the organizations continue to use the District's federal identification number, the organizations' funds and records should be incorporated into the District's accounting system as agency funds.

Response - We will talk to the organizations about getting their own federal identification number and insist that they discontinue using the District's.

Conclusion - Response accepted.

**Part II. Other Findings Related to Statutory Reporting:**

1. Certified Budget - Expenditures for the year ended June 30, 2007 did not exceed the amounts budgeted.
2. Questionable Expenditures - I noted no expenditures 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.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2007

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.

Recommendation - The District should ensure that all bills, including Student Activity, School Nutrition, Enterprise and Trust Fund bills, are published on a monthly basis 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.

Conclusion - Response accepted.

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.
10. Self-funded Insurance Report - Chapter 509A of the Code of Iowa contains certain requirements pertaining to self-insurance funds maintained by school districts. There is an exemption to the requirements contained in Chapter 509A if the claims paid by the self-insurance plan is less than two percent of the district's General Fund budget. However, the District needs to file a waiver from the requirements in Chapter 509A with the Iowa Insurance Division on an annual basis, if they meet the requirements for the exemption. The District's self-funded insurance plan's claims paid were less than two percent of the General Fund budgeted expenditures for the fiscal year ended June 30, 2007. Therefore, the District's self-funded insurance plan appears to be exempt from the requirements of Chapter 509A; however, the waiver was not filed with the Iowa Insurance Division timely.

WILTON COMMUNITY SCHOOL DISTRICT  
Schedule of Findings  
For the Year Ended June 30, 2007

Recommendation - The District should file a waiver for exemption with the Iowa Insurance Division. The District should also ensure that they comply with the requirements of Chapter 509A of the Code of Iowa or file for the waiver timely every year for all subsequent years.

Response - We have filed the necessary waiver request and will ensure that the appropriate measures are taken in subsequent years to comply with Chapter 509A of the Code of Iowa.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT  
Audit Staff  
June 30, 2007

This audit was performed by

Kay Chapman, CPA  
Tammy Calvert, staff accountant