

WILTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2009

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT
 Officials
 June 30, 2009

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2008 Election)		
Linda Duncan	Board President	2008
Gary Mauer	Board Member	2008
Jeff Belknap	Board Member	2009
Christopher Watkins	Board Member	2010
Anthony Hurd	Board Member	2010
(After September 2008 Election)		
Linda Duncan	Board President	2011
Gary Mauer	Board Member	2011
Anthony Hurd	Board Member	2011 *
Jeff Belknap	Board Member	2013 *
Christopher Watkins	Board Member	2013 *
School Officials		
Joe Burnett	Superintendent	2009
Joy Gehrls	District Secretary	2009
Staci Owens-Kirkman	District Treasurer/Business Manager	2009

* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

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, 2009, 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, 2009, 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 February 23, 2010 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 43 through 44 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 five years ended June 30, 2008 (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 six years in the period ended June 30, 2009, 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
February 23, 2010

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, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,721,748 in fiscal 2008 to \$8,170,764 in fiscal 2009, and General Fund expenditures increased from \$7,468,408 in fiscal 2008 to \$7,971,629 in fiscal 2009. The District's General Fund balance increased from \$1,388,727 in fiscal 2008 to \$1,590,137 in fiscal 2009, a 15% increase.
- The increase in General Fund revenues was attributable to a 4% State allowable growth for new money, a slight increase in budget enrollment, as well as increased cash reserve levy to fund spending authority in fiscal year 2009. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits which also carries over to the classified and administrative. General fund balance increase was attributable to cash reserve levy utilization.

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. The remaining statements provide financial information about activities for which Wilton Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

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.

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

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

other District programs and activities. The District currently has two internal service funds, the Self-Insurance Fund and the Employee Flex Benefits Fund.

The required financial statements for proprietary funds include a statement of net assets, 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 a Private-purpose Trust Fund and an Agency Fund.

- Private-purpose Trust Fund - 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.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 6,390,351	\$ 5,943,549	\$101,253	\$ 130,860	\$ 6,491,604	\$ 6,074,409	6.87%
Capital assets	8,511,107	7,815,129	42,999	33,889	8,554,106	7,849,018	8.98%
Total assets	<u>14,901,458</u>	<u>13,758,678</u>	<u>144,252</u>	<u>164,749</u>	<u>15,045,710</u>	<u>13,923,427</u>	8.06%
Long-term liabilities	1,369,800	1,067,059	-	-	1,369,800	1,067,059	28.37%
Other liabilities	3,029,927	2,839,879	24,609	13,301	3,054,536	2,853,180	7.06%
Total liabilities	<u>4,399,727</u>	<u>3,906,938</u>	<u>24,609</u>	<u>13,301</u>	<u>4,424,336</u>	<u>3,920,239</u>	12.86%
Net assets							
Invested in capital assets,							
net of related debt	7,181,107	6,810,129	42,999	33,889	7,224,106	6,844,018	5.55%
Restricted	961,498	913,090	-	-	961,498	913,090	5.30%
Unrestricted	<u>2,359,126</u>	<u>2,128,521</u>	<u>76,644</u>	<u>117,559</u>	<u>2,435,770</u>	<u>2,246,080</u>	8.45%
Total net assets	<u>\$ 10,501,731</u>	<u>\$ 9,851,740</u>	<u>\$119,643</u>	<u>\$ 151,448</u>	<u>\$ 10,621,374</u>	<u>\$ 10,003,188</u>	6.18%

The District's combined net assets increased by approximately 6%, or \$618,186 over 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 \$48,408, or 5% 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 \$189,690, or approximately 8%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4
Change in Net Assets

	Governmental Activities		Business Type Activities		Total District		Total Change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenues							
Program revenues							
Charges for service	\$ 913,765	\$ 750,254	\$ 507,719	\$ 523,434	\$ 1,421,484	\$ 1,273,688	11.60%
Operating grants	1,186,581	950,872	144,766	143,680	1,331,347	1,094,552	21.63%
General revenues							
Property tax	3,117,678	3,046,801	-	-	3,117,678	3,046,801	2.33%
Statewide sales and services tax	592,408	552,686	-	-	592,408	552,686	7.19%
Unrestricted state grants	3,642,554	3,576,035	-	-	3,642,554	3,576,035	1.86%
Contributions and donations	40,740	23,498	-	-	40,740	23,498	73.38%
Unrestricted investment earnings	61,563	101,533	2,557	5,343	64,120	106,876	-40.01%
Gain on sale of capital assets	9,074	-	-	-	9,074	-	100.00%
Other	<u>24,265</u>	<u>62,048</u>	<u>-</u>	<u>-</u>	<u>24,265</u>	<u>62,048</u>	-60.89%
Total revenues	<u>9,588,628</u>	<u>9,063,727</u>	<u>655,042</u>	<u>672,457</u>	<u>10,243,670</u>	<u>9,736,184</u>	5.21%
Program expenses							
Governmental activities							
Instruction	5,537,511	4,822,828	-	-	5,537,511	4,822,828	14.82%
Support services	2,535,784	2,446,831	-	-	2,535,784	2,446,831	3.64%
Non-instructional programs	166,636	149,613	686,847	682,070	853,483	831,683	2.62%
Other expenses	<u>698,706</u>	<u>616,247</u>	<u>-</u>	<u>-</u>	<u>698,706</u>	<u>616,247</u>	13.38%
Total expenses	<u>8,938,637</u>	<u>8,035,519</u>	<u>686,847</u>	<u>682,070</u>	<u>9,625,484</u>	<u>8,717,589</u>	10.41%
Change in net assets before transfers	649,991	1,028,208	(31,805)	(9,613)	618,186	1,018,595	-39.31%
Transfers	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	0.00%
Change in net assets	<u>\$ 649,991</u>	<u>\$ 1,029,208</u>	<u>\$ (31,805)</u>	<u>\$ (10,613)</u>	<u>\$ 618,186</u>	<u>\$ 1,018,595</u>	-39.31%

In fiscal 2009, property tax and unrestricted state grants account for 71% 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 \$10,243,670 of which \$9,588,628 was for governmental activities and \$655,042 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5% increase in revenues and a 10% increase in expenses. Operating grants increased \$236,795 to fund increases in expenses. The increases in revenues are attributable to increased miscellaneous revenues as well as cash reserve. Increased expenses relate to increases in salary/wages and benefits.

Governmental Activities

Revenues for governmental activities were \$9,588,628 and expenses were \$8,938,637 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 5,537,511	\$ 4,822,828	14.8%	\$ 3,770,378	\$ 3,442,397	9.5%
Support services	2,535,784	2,446,831	3.6%	2,515,903	2,418,699	4.0%
Non-instructional programs	166,636	149,613	11.4%	166,636	149,613	11.4%
Other expenses	<u>698,706</u>	<u>616,247</u>	13.4%	<u>385,374</u>	<u>323,684</u>	19.1%
Total expenses	<u>\$ 8,938,637</u>	<u>\$ 8,035,519</u>	11.2%	<u>\$ 6,838,291</u>	<u>\$ 6,334,393</u>	8.0%

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$913,765.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,186,581.
- The net cost of governmental activities was financed with \$3,710,086 in property and other taxes and \$3,642,554 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$655,042 representing a 3% decrease from the prior year and expenses were \$686,847, a 1% increase over the prior year. The District's business type activities include the School Nutrition Fund, FFA Farm Fund, Swimming Pool Fund and Latchkey Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income. Expenditure increases include rising food cost in Nutrition, and wage and benefits increases in all except FFA Farm Fund.

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 \$2,546,797 well above last year's ending fund balances of \$2,368,160.

Governmental Fund Highlights

- The General Fund balance increased from \$1,388,727 to \$1,590,137 due to increased miscellaneous income and cash reserve levy.
- The Capital Projects Fund balance decreased from \$757,076 to \$722,437 due to two concession stand reconstructions, purchase of a bus barn, and paving the high school parking lot. These major improvements warranted spending into carried over funds as well as borrowing.

Proprietary Fund Highlights

Enterprise Fund net assets decreased from \$151,448 at June 30, 2008 to \$119,643 at June 30, 2009, representing a decrease of approximately 21%. Latchkey revenues based upon enrollment decreased drastically due to economic conditions, while many fixed Latchkey expenditures did not decrease.

BUDGETARY HIGHLIGHTS

Over the course of the year, Wilton Community School District amended its annual budget in the Other Expenditures function to cover costs associated with construction projects.

The District's revenues were \$97,168 less than budgeted revenues, a variance of less than 1%. Total expenditures were \$793,198 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, 2009, the District had invested \$8,554,106 net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of approximately 9% over 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 \$431,623.

The original cost of the District's capital assets was \$17,252,199. Governmental funds account for \$17,031,420, with the remainder of \$220,779 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category, which increased from \$264,276 at June 30, 2008 to \$821,369 at June 30, 2009. This significant increase resulted from the paving of the high school parking lot expenditure.

Figure A-6

Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District		
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 125,211	\$ 119,313	\$ -	\$ -	\$ 125,211	\$ 119,313	4.94%
Buildings and improvements	7,042,251	6,964,897	-	-	7,042,251	6,964,897	1.11%
Improvements other than buildings	821,369	264,276	-	-	821,369	264,276	210.80%
Furniture and equipment	<u>522,276</u>	<u>466,643</u>	<u>42,999</u>	<u>33,889</u>	<u>565,275</u>	<u>500,532</u>	12.93%
Totals	<u>\$8,511,107</u>	<u>\$7,815,129</u>	<u>\$ 42,999</u>	<u>\$ 33,889</u>	<u>\$8,554,106</u>	<u>\$7,849,018</u>	8.98%

Long-Term Debt

At June 30, 2009, the District had \$1,369,800 in general obligation and other long-term debt outstanding. This represents an increase of approximately 28% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$9 million.

On July 17, 2008, the District issued \$700,000 of revenue bonds for the purchase of a bus barn and improvements to the parking lot at the high school building.

Figure A-7

Outstanding Long-term Obligations

	Total		Total Change
	District		
	2009	2008	2008-2009
General obligation bonds	\$ -	\$ 70,000	-100.00%
Revenue bonds	1,330,000	935,000	42.25%
Compensated absences	10,531	10,590	-0.56%
Termination benefits	<u>29,269</u>	<u>51,469</u>	-43.13%
Total	<u>\$ 1,369,800</u>	<u>\$ 1,067,059</u>	28.37%

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:

- 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 2009 was a one year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2009 for 2010. 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, 2009

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,471,535	\$ 88,571	\$ 2,560,106
Investment with fiscal agent	495,915	-	495,915
Receivables			
Property tax			
Delinquent	44,148	-	44,148
Succeeding year	2,858,592	-	2,858,592
Accounts receivable	2,609	4,218	6,827
Accrued interest	496	-	496
Income surtax	320,321	-	320,321
Due from other governments	196,735	306	197,041
Inventories	-	8,158	8,158
Non-depreciable capital assets	125,211	-	125,211
Capital assets, net of accumulated depreciation	8,385,896	42,999	8,428,895
Total assets	14,901,458	144,252	15,045,710
Liabilities			
Accounts payable	124,798	9,008	133,806
Salaries and benefits payable	24,645	6,601	31,246
Accrued interest payable	18,808	-	18,808
Bank loan payable	-	9,000	9,000
Due to other governments	3,084	-	3,084
Deferred revenue			
Succeeding year property tax	2,858,592	-	2,858,592
Long-term liabilities			
Portion due within one year			
Revenue bonds payable	310,000	-	310,000
Termination benefits payable	5,984	-	5,984
Portion due after one year			
Revenue bonds payable	1,020,000	-	1,020,000
Compensated absences	10,531	-	10,531
Termination benefits payable	23,285	-	23,285
Total liabilities	4,399,727	24,609	4,424,336

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

Exhibit A

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 7,181,107	\$ 42,999	\$ 7,224,106
Restricted for			
Categorical funding	52,915	-	52,915
Management levy	59,816	-	59,816
Physical plant and equipment levy	47,063	-	47,063
Debt service	4,873	-	4,873
Other special revenue purposes	74,394	-	74,394
Capital projects	722,437	-	722,437
Unrestricted	<u>2,359,126</u>	<u>76,644</u>	<u>2,435,770</u>
Total net assets	<u>\$10,501,731</u>	<u>\$119,643</u>	<u>\$10,621,374</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants, Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs</u>						
Governmental activities						
Instruction						
Regular instruction	\$ 3,484,166	\$ 801,884	\$ 675,648	\$ (2,006,634)	\$ -	\$ (2,006,634)
Special instruction	1,053,432	97,046	180,096	(776,290)	-	(776,290)
Other instruction	999,913	2,605	9,854	(987,454)	-	(987,454)
	<u>5,537,511</u>	<u>901,535</u>	<u>865,598</u>	<u>(3,770,378)</u>	-	<u>(3,770,378)</u>
Support services						
Student	351,388	-	-	(351,388)	-	(351,388)
Instructional staff	190,332	-	-	(190,332)	-	(190,332)
Administration	923,969	-	-	(923,969)	-	(923,969)
Operation and maintenance of plant	717,170	191	-	(716,979)	-	(716,979)
Transportation	352,925	12,039	7,651	(333,235)	-	(333,235)
	<u>2,535,784</u>	<u>12,230</u>	<u>7,651</u>	<u>(2,515,903)</u>	-	<u>(2,515,903)</u>
Non-instructional programs	166,636	-	-	(166,636)	-	(166,636)
Other expenses						
Facilities acquisition	39,145	-	-	(39,145)	-	(39,145)
Long-term debt interest	38,423	-	-	(38,423)	-	(38,423)
AEA flowthrough	313,332	-	313,332	-	-	-
Depreciation (unallocated) *	307,806	-	-	(307,806)	-	(307,806)
	<u>698,706</u>	-	<u>313,332</u>	<u>(385,374)</u>	-	<u>(385,374)</u>
Total governmental activities	<u>8,938,637</u>	<u>913,765</u>	<u>1,186,581</u>	<u>(6,838,291)</u>	-	<u>(6,838,291)</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2009

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>						
Business type activities						
Non-instructional programs						
Food service operations	\$ 432,593	\$ 276,907	\$ 144,766	\$ -	\$ (10,920)	\$ (10,920)
FFA farm program	29,954	21,546	-	-	(8,408)	(8,408)
Swimming pool	155,245	153,047	-	-	(2,198)	(2,198)
Latchkey program	69,055	56,219	-	-	(12,836)	(12,836)
Total business type activities	686,847	507,719	144,766	-	(34,362)	(34,362)
Total	\$ 9,625,484	\$ 1,421,484	\$ 1,331,347	\$ (6,838,291)	\$ (34,362)	\$ (6,872,653)
<u>General Revenues</u>						
Property tax levied for						
General purposes				2,983,449	-	2,983,449
Debt service				72,255	-	72,255
Capital outlay				61,974	-	61,974
Statewide sales and services tax				592,408	-	592,408
Unrestricted state grants				3,642,554	-	3,642,554
Contributions and donations				40,740	-	40,740
Unrestricted investment earnings				61,563	2,557	64,120
Other				24,265	-	24,265
Special item - gain on sale of capital assets				9,074	-	9,074
Total general revenues and special item				7,488,282	2,557	7,490,839
Change in net assets				649,991	(31,805)	618,186
Net assets, beginning of year				9,851,740	151,448	10,003,188
Net assets, end of year				\$ 10,501,731	\$ 119,643	\$ 10,621,374

* 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, 2009

Exhibit C

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets				
Cash and pooled investments	\$1,611,275	\$125,247	\$247,182	\$1,983,704
Investment with fiscal agent	-	495,915	-	495,915
Receivables				
Property tax				
Delinquent	39,750	-	4,398	44,148
Succeeding year	2,614,035	-	244,557	2,858,592
Accounts receivable	2,103	-	506	2,609
Accrued interest	496	-	-	496
Income surtax	320,321	-	-	320,321
Due from other governments	95,445	101,275	15	196,735
Due from other fund	1,818	-	-	1,818
Total assets and other debits	<u>\$4,685,243</u>	<u>\$722,437</u>	<u>\$496,658</u>	<u>\$5,904,338</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 101,909	\$ -	\$ 16,060	\$ 117,969
Salaries and benefits payable	24,645	-	-	24,645
Due to other fund	-	-	1,818	1,818
Due to other governments	3,084	-	-	3,084
Deferred revenue				
Succeeding year property tax	2,614,035	-	244,557	2,858,592
Income surtax	320,321	-	-	320,321
Other	31,112	-	-	31,112
Total liabilities	<u>3,095,106</u>	<u>-</u>	<u>262,435</u>	<u>3,357,541</u>
Fund balances				
Reserved for				
Debt service	-	-	23,681	23,681
Categorical funding	52,915	-	-	52,915
Unreserved				
Designated for cash flow	150,000	-	-	150,000
Undesignated governmental funds	1,387,222	722,437	-	2,109,659
Undesignated special revenue funds	-	-	210,542	210,542
Total fund balances	<u>1,590,137</u>	<u>722,437</u>	<u>234,223</u>	<u>2,546,797</u>
Total liabilities and fund balances	<u>\$4,685,243</u>	<u>\$722,437</u>	<u>\$496,658</u>	<u>\$5,904,338</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, 2009

Exhibit D

Total fund balances of governmental funds	\$ 2,546,797
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,511,107
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	351,433
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.	(18,808)
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.	481,002
Long-term liabilities, including bonds and notes payable, compensated absences and termination benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(1,369,800)</u>
Net assets of governmental activities	<u><u>\$10,501,731</u></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, 2009

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues				
Local sources				
Local tax	\$2,840,844	\$ 592,408	\$ 274,542	\$3,707,794
Tuition	402,242	-	-	402,242
Other	128,350	10,343	294,726	433,419
State sources	4,577,613	-	169	4,577,782
Federal sources	221,715	-	-	221,715
Total revenues	<u>8,170,764</u>	<u>602,751</u>	<u>569,437</u>	<u>9,342,952</u>
Expenditures				
Current				
Instruction				
Regular	3,450,726	-	44,090	3,494,816
Special	1,053,342	-	90	1,053,432
Other	740,229	-	259,023	999,252
	<u>5,244,297</u>	<u>-</u>	<u>303,203</u>	<u>5,547,500</u>
Support services				
Student	351,388	-	-	351,388
Instructional staff	190,332	-	-	190,332
Administration	903,376	4,157	7,371	914,904
Operation and maintenance of plant	671,764	15,521	57,968	745,253
Transportation	297,140	3,200	106,835	407,175
	<u>2,414,000</u>	<u>22,878</u>	<u>172,174</u>	<u>2,609,052</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>12,085</u>	<u>12,085</u>
Other expenditures				
Facilities acquisition	-	975,132	-	975,132
Long-term debt				
Principal	-	-	375,000	375,000
Interest and fiscal charges	-	-	34,489	34,489
AEA flowthrough	313,332	-	-	313,332
	<u>313,332</u>	<u>975,132</u>	<u>409,489</u>	<u>1,697,953</u>
Total expenditures	<u>7,971,629</u>	<u>998,010</u>	<u>896,951</u>	<u>9,866,590</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, 2009

Exhibit E

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 199,135	\$(395,259)	\$ (327,514)	\$ (523,638)
Other financing sources (uses)				
Sale of equipment and materials	2,275	-	-	2,275
Proceeds from issuance of bonds	-	700,000	-	700,000
Interfund operating transfers in	-	-	339,380	339,380
Interfund operating transfers (out)	-	(339,380)	-	(339,380)
Total other financing sources	<u>2,275</u>	<u>360,620</u>	<u>339,380</u>	<u>702,275</u>
Net change in fund balances	201,410	(34,639)	11,866	178,637
Fund balance, beginning of year	<u>1,388,727</u>	<u>757,076</u>	<u>222,357</u>	<u>2,368,160</u>
Fund balance, end of year	<u>\$1,590,137</u>	<u>\$ 722,437</u>	<u>\$ 234,223</u>	<u>\$2,546,797</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, 2009

Exhibit F

Net change in fund balances - total governmental funds \$178,637

**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	\$1,113,197	
Gain on disposal of capital assets	6,799	
Depreciation expense	<u>(424,018)</u>	695,978

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 31,703

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. 50,348

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Issued	\$ (700,000)	
Repaid	<u>375,000</u>	(325,000)

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	\$ 22,200	
Compensated absences	<u>59</u>	22,259

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 governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (3,934)

Change in net assets of governmental activities \$649,991

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2009

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>
Assets		
Cash and cash equivalents	\$ 88,571	\$487,831
Accounts receivable	4,218	-
Due from other governments	306	-
Inventories	8,158	-
Capital assets, net of accumulated depreciation	42,999	-
Total assets	<u>144,252</u>	<u>487,831</u>
Liabilities		
Accounts payable	9,008	6,829
Salaries and benefits payable	6,601	-
Bank loans payable	9,000	-
Total liabilities	<u>24,609</u>	<u>6,829</u>
Net Assets		
Invested in capital assets	42,999	-
Unrestricted	76,644	481,002
Total net assets	<u>\$119,643</u>	<u>\$481,002</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, 2009

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	\$486,173	\$ 204,649
Sale of product	21,546	-
Total operating revenue	<u>507,719</u>	<u>204,649</u>
 Operating expenses		
Support services		
Instructional staff	95	-
Administration	6,617	-
Operation and maintenance of plant	85,337	-
Transportation	126	-
Non-instructional programs	<u>594,672</u>	<u>154,551</u>
Total operating expenses	<u>686,847</u>	<u>154,551</u>
 Operating income (loss)	 <u>(179,128)</u>	 <u>50,098</u>
 Non-operating revenues		
Interest income	2,557	250
State sources	4,287	-
Federal sources	<u>140,479</u>	-
Total non-operating revenues	<u>147,323</u>	<u>250</u>
 Net income (loss)	 (31,805)	 50,348
Net assets, beginning of year	<u>151,448</u>	<u>430,654</u>
 Net assets, end of year	 <u>\$119,643</u>	 <u>\$ 481,002</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

Exhibit I

	Business Type Activities	Governmental Activities
	Nonmajor Enterprise	Internal Service
Cash flows from operating activities		
Cash received from sale of services	\$ 485,922	\$204,670
Cash received from other operations	21,546	-
Cash payments to employees for services	(380,933)	(150,994)
Cash payments to suppliers for goods and services	(274,681)	-
Net cash provided by (used in) operating activities	(148,146)	53,676
Cash flows from non-capital financing activities		
Loan proceeds	7,000	-
State grants received	4,287	-
Federal grants received	121,111	-
Net cash provided by non-capital financing activities	132,398	-
Cash flows from capital and related financing activities		
Acquisition of capital assets	(14,714)	-
Cash flows from investing activities		
Interest on investments	2,557	250
Net increase (decrease) in cash and cash equivalents	(27,905)	53,926
Cash and cash equivalents, beginning of year	116,476	433,905
Cash and cash equivalents, end of year	\$ 88,571	\$487,831
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (179,128)	\$ 50,098
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,605	-
Commodities used	19,368	-
Decrease in accounts receivable	55	21
(Increase) in due from other governments	(306)	-
Decrease in inventory	1,953	-
Increase in accounts payable	8,363	3,557
(Decrease) in due to other funds	(399)	-
(Decrease) in accrued salaries and benefits	(5,657)	-
Net cash provided by (used in) operating activities	\$ (148,146)	\$ 53,676

Non-cash investing, capital and financing activities

During the year ended June 30, 2009, the District received \$19,368 of federal commodities.

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

Exhibit J

	<u>Private Purpose Trust</u>	<u>Agency</u>
	<u>Scholarships</u>	
Assets		
Cash and pooled investments	\$ 351	\$45,889
Accounts receivable	<u>-</u>	<u>100</u>
Total assets	351	45,989
Liabilities		
Due to others	<u>-</u>	<u>45,989</u>
Net assets		
Reserved for scholarships	<u>\$ 351</u>	<u>\$ -</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2009

Exhibit K

	<u>Private Purpose Trust Scholarships</u>
Additions	
Local sources	
Gifts and contributions	\$ 500
Interest	<u>8</u>
Total additions	508
 Deductions	
Instruction, regular	
Scholarships	<u>1,200</u>
 Change in net assets	 (692)
Net assets, beginning of year	<u>1,043</u>
 Net assets, end of year	 <u><u>\$ 351</u></u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2009

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 funds:

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 and two internal service funds, which are utilized for partially self-funded employee health insurance benefits and the District's flex-benefit program.

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 termination 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 financial statements:

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

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

Property Tax Receivable - Property tax in 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, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

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.

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, 2009. 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, 2009. 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 surtax receivables not collected within sixty days after year end.

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

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

Fund 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 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 \$106,879 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. During the year ended June 30, 2009, expenditures in the Other Expenditures functional area exceeded the amount budgeted.

Note 2. Cash and Pooled Investments

The District’s deposits in banks at June 30, 2009 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, 2009, the District had \$495,915 invested with Bankers Trust Company which was invested in the Goldman Sachs Financial Square Treasury Obligation Fund. These investments are valued at fair market value.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust as follows:

	<u>Amortized Cost</u>
Diversified Portfolio	\$145,567

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

Credit risk. The investments in the Iowa Schools Joint Investment Trust and the Goldman Sachs Financial Square Treasury Obligations Fund were rated Aaa by Moody’s Investors Service. The District places no limit on the amount that may be invested in any one issuer.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2009 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Non-major	
General	Special revenue	\$ 1,818

This interfund payable from the Student Activity to the General Fund is for bus usage during fiscal 2009 that was unpaid at June 30, 2009. The balance will be repaid during the year ending June 30, 2010.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Non-major governmental Debt Service	Capital Projects	\$ 339,380

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 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, 2009 was as follows:

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 119,313	\$ 5,898	\$ -	\$ 125,211
Capital assets being depreciated:				
Buildings and improvements	13,571,177	322,133	-	13,893,310
Improvements other than buildings	911,622	607,955	-	1,519,577
Furniture and equipment	<u>1,492,929</u>	<u>177,211</u>	<u>(176,818)</u>	<u>1,493,322</u>
Total capital assets being depreciated	<u>15,975,728</u>	<u>1,107,299</u>	<u>(176,818)</u>	<u>16,906,209</u>
Less accumulated depreciation for:				
Buildings and improvements	6,606,280	244,779	-	6,851,059
Improvements other than buildings	647,346	50,862	-	698,208
Furniture and equipment	<u>1,026,286</u>	<u>128,377</u>	<u>(183,617)</u>	<u>971,046</u>
Total accumulated depreciation	<u>8,279,912</u>	<u>424,018</u>	<u>(183,617)</u>	<u>8,520,313</u>
Total capital assets being depreciated, net	<u>7,695,816</u>	<u>683,281</u>	<u>6,799</u>	<u>8,385,896</u>
Governmental activities capital assets, net	<u>\$ 7,815,129</u>	<u>\$ 689,179</u>	<u>\$ 6,799</u>	<u>\$ 8,511,107</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 204,190	\$ 16,839	\$ (250)	\$ 220,779
Less accumulated depreciation	<u>(170,301)</u>	<u>(7,605)</u>	<u>126</u>	<u>(162,822)</u>
Business type activities capital assets, net	<u>\$ 33,889</u>	<u>\$ 9,234</u>	<u>\$ (376)</u>	<u>\$ 57,957</u>

Depreciation expense was charged to the following functions:

Governmental activities	
Instruction	
Regular	\$ 36,362
Other	3,889
Support services	
Administration	9,124
Operation and maintenance of plant	3,088
Transportation	<u>63,749</u>
	116,212
Unallocated depreciation	<u>307,806</u>
Total governmental activities depreciation expense	<u>\$ 424,018</u>
 Business type activities	
Food services	\$ 3,957
FFA farm	1,914
Swimming pool	608
Latchkey program	<u>1,126</u>
Total business type activities depreciation expense	<u>\$ 7,605</u>

Note 6. Short-term Debt

On June 19, 2009, the District entered into a loan agreement with Community Bank for \$9,000. The loan was to provide short-term financing for the Enterprise, FFA Farm Fund. The loan bears interest at 4.5% and requires a single principal payment at maturity. The loan matures on December 1, 2009. At June 30, 2009, no interest or principal payments had been made on the loan. Therefore, the unpaid balance at June 30, 2009 was \$9,000. Details of the District's short-term debt are as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year
Bank loan	\$ -	\$ 9,000	\$ -	\$ 9,000

Note 7. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -
Revenue bonds	935,000	700,000	(305,000)	1,330,000	310,000
Compensated absences	10,590	34,097	(34,156)	10,531	-
Termination benefits	<u>51,469</u>	<u>1,690</u>	<u>(23,890)</u>	<u>29,269</u>	<u>5,984</u>
Totals	<u>\$ 1,067,059</u>	<u>\$ 735,787</u>	<u>\$(433,046)</u>	<u>\$ 1,369,800</u>	<u>\$ 315,984</u>

Interest costs incurred and charged to expense on all long-term debt was \$38,423 for the year ended June 30, 2009. During the year ended June 30, 2009, the District made principal payments on total long-term debt of \$375,000.

Revenue Bonds

Details of the District's June 30, 2009 local option sales and services tax revenue bonded indebtedness are as follows:

Year Ending	Bond issue of August 1, 2004				Bond issue of July 17, 2008			
	Interest Rates	Interest	Principal	Total	Interest Rates	Interest	Principal	Total
June 30, 2010	3.10%	\$ 15,525	\$ 310,000	\$ 325,525	2.49%	\$ 17,430	\$ -	\$ 17,430
2011	3.35%	<u>5,360</u>	<u>320,000</u>	<u>325,360</u>	2.49%	<u>8,643</u>	<u>700,000</u>	<u>708,643</u>
Totals		<u>\$ 20,885</u>	<u>\$ 630,000</u>	<u>\$ 650,885</u>		<u>\$ 26,073</u>	<u>\$ 700,000</u>	<u>\$ 726,073</u>

Year Ending	Totals		
	Interest	Principal	Total
June 30, 2010	\$ 32,955	\$ 310,000	\$ 342,955
2011	<u>14,003</u>	<u>1,020,000</u>	<u>1,034,003</u>
Totals	<u>\$ 46,958</u>	<u>\$ 1,330,000</u>	<u>\$ 1,376,958</u>

The District has pledged future statewide sales and services tax revenues to repay the \$1,750,000 bonds issued August 1, 2004 and the \$700,000 bonds issued July 17, 2008. The 2004 issue was for the purpose of constructing an auditorium and an addition to the high school building. The 2008 issue was for the purchase of a bus barn and for making improvements to the parking lot at the high school building. The 2008 bonds require semiannual interest payments beginning January 1, 2009 and a single principal payment on July 1, 2010. The bonds are payable solely from the proceeds of the statewide sales and services tax revenues received by the District and are payable through 2011. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require approximately 58 percent of the statewide sales and services tax revenues for the year ending June 30, 2010 and 175 percent of the statewide sales and services tax revenues for the year ending June 30, 2011. The total principal and interest remaining to be paid is \$1,376,958. For the current year, principal and interest paid on the bonds

was \$337,880 and total statewide sales and services tax revenues were \$592,408.

The resolution providing for the issuance of the 2004 issue of statewide sales and services tax revenues bonds includes the following provisions:

- a) \$175,000 of the proceeds from the each issuance of the revenue bonds shall be deposited in the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.
- b) The net proceeds from the statewide sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The resolution providing for the issuance of the 2008 bonds did not have any restrictive provisions.

The District complied with all the provisions during the year ended June 30, 2009.

Termination Benefits

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, 2009, the District had obligations to three participants with a total liability of \$29,269. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$23,890.

Note 8. 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 were required to contribute 4.10% of their annual covered salary and the District was required to contribute 6.35% of annual covered payroll for the year ended June 30, 2009. Plan members were required to contribute 3.90% and 3.70% of their annual covered salary and the District was required to contribute 6.05% and 5.75% of annual covered payroll for the years ended June 30, 2008 and 2007, respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$310,364, \$273,767 and \$253,822, respectively, equal to the required contributions for each year.

Note 9. 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 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$313,332 adjusting entry to the cash basis financial statements.

Note 11. 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, 2009, the District had accumulated an excess of \$481,002 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, 2009, 2008, 2007, 2006 and 2005. All submitted claims had been paid or accrued at June 30, 2009. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2009. The District is contingently liable for any claims in excess of funds available at June 30, 2009.

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,	
	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning of year	\$ 3,272	\$ 7,758
Current year claims and changes in estimates	84,972	86,904
Claim payments	<u>(81,415)</u>	<u>(91,390)</u>
Unpaid claims, end of year	<u>\$ 6,829</u>	<u>\$ 3,272</u>

Note 12. 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, 2009, 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 13. Related Party Transactions

During the year ended June 30, 2009, the District had business transactions between the District and District officials totaling \$12,572.

Required Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Funds
 Required Supplementary Information
 For the Year Ended June 30, 2009

	Governmental Funds		Proprietary Funds		Total Actual	Budgeted Amounts		Final to Actual Variance
	Actual		Actual			Original	Final	
	\$	\$	\$	\$		\$	\$	
Revenues								
Local sources	4,543,455	510,276	5,053,731	5,180,092	5,180,092	5,180,092	\$ (126,361)	
State sources	4,577,782	4,287	4,582,069	4,637,770	4,637,770	4,637,770	(55,701)	
Federal sources	221,715	140,479	362,194	277,300	277,300	277,300	84,894	
Total revenues	<u>9,342,952</u>	<u>655,042</u>	<u>9,997,994</u>	<u>10,095,162</u>	<u>10,095,162</u>	<u>10,095,162</u>	<u>(97,168)</u>	
Expenditures/Expenses								
Instruction	5,547,500	-	5,547,500	5,948,715	5,948,715	5,948,715	401,215	
Support services	2,609,052	92,175	2,701,227	3,033,470	3,033,470	3,033,470	332,243	
Non-instructional programs	12,085	594,672	606,757	689,450	689,450	689,450	82,693	
Other expenditures	1,697,953	-	1,697,953	1,149,340	1,675,000	1,675,000	(22,953)	
Total expenditures/expenses	<u>9,866,590</u>	<u>686,847</u>	<u>10,553,437</u>	<u>10,820,975</u>	<u>11,346,635</u>	<u>11,346,635</u>	<u>793,198</u>	
Deficiency of revenues under expenditures/expenses	(523,638)	(31,805)	(555,443)	(725,813)	(1,251,473)	(1,251,473)	696,030	
Net other financing sources	<u>702,275</u>	<u>-</u>	<u>702,275</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>	<u>694,775</u>	
Net change in fund balance	178,637	(31,805)	146,832	(718,313)	(1,243,973)	(1,243,973)	1,390,805	
Balance, beginning of year	2,368,160	151,448	2,519,608	2,600,269	2,600,269	2,600,269	(80,661)	
Balance, end of year	<u>\$ 2,546,797</u>	<u>\$119,643</u>	<u>\$2,666,440</u>	<u>\$1,881,956</u>	<u>\$1,356,296</u>	<u>\$1,356,296</u>	<u>\$1,310,144</u>	

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2009

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 Internal Service, 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 to increase budgeted expenditures in the Other Expenditures function.

During the year ended June 30, 2009, expenditures in the Other Expenditures function exceeded the amount budgeted.

Other Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

Schedule 1

	Special Revenue				
	Management	Student	Physical Plant and Equipment	Debt	Total
	<u>Levy</u>	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u> </u>
Assets					
Cash and pooled investments	\$ 95,408	\$ 83,176	\$ 46,072	\$22,526	\$ 247,182
Receivables					
Property tax					
Delinquent	2,259	-	988	1,151	4,398
Succeeding year	180,000	-	64,557	-	244,557
Accounts receivable	-	506	-	-	506
Due from other governments	8	-	3	4	15
Total assets	<u>\$277,675</u>	<u>\$ 83,682</u>	<u>\$111,620</u>	<u>\$23,681</u>	<u>\$ 496,658</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 8,590	\$ 7,470	\$ -	\$ -	\$ 16,060
Due to other funds	-	1,818	-	-	1,818
Deferred revenue					
Succeeding year property tax	<u>180,000</u>	<u>-</u>	<u>64,557</u>	<u>-</u>	<u>244,557</u>
Total liabilities	<u>188,590</u>	<u>9,288</u>	<u>64,557</u>	<u>-</u>	<u>262,435</u>
Fund balances					
Reserved for debt service	-	-	-	23,681	23,681
Unreserved fund balances	<u>89,085</u>	<u>74,394</u>	<u>47,063</u>	<u>-</u>	<u>210,542</u>
Total fund balances	<u>89,085</u>	<u>74,394</u>	<u>47,063</u>	<u>23,681</u>	<u>234,223</u>
Total liabilities and fund balances	<u>\$277,675</u>	<u>\$ 83,682</u>	<u>\$111,620</u>	<u>\$23,681</u>	<u>\$ 496,658</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, 2009

Schedule 2

Revenues	Special Revenue				Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	Debt Service	
Local sources					
Local tax	\$140,395	\$ -	\$ 61,936	\$ 72,211	\$ 274,542
Other	16,371	276,722	694	939	294,726
State sources	87	-	38	44	169
Total revenues	156,853	276,722	62,668	73,194	569,437
Expenditures					
Current					
Instruction					
Regular	44,090	-	-	-	44,090
Special	90	-	-	-	90
Other	1,802	257,221	-	-	259,023
Total instruction	45,982	257,221	-	-	303,203
Support services					
Administration	5,291	115	65	1,900	7,371
Operation and maintenance of plant	46,152	11,816	-	-	57,968
Transportation	18,655	7,183	80,997	-	106,835
Total support services	70,098	19,114	81,062	1,900	172,174
Non-instructional programs	12,085	-	-	-	12,085
Other expenditures					
Long-term debt					
Principal	-	-	-	375,000	375,000
Interest and fiscal charges	-	-	-	34,489	34,489
Total other expenditures	-	-	-	409,489	409,489
Total expenditures	128,165	276,335	81,062	411,389	896,951
Excess (deficiency) of revenues over (under) expenditures	28,688	387	(18,394)	(338,195)	(327,514)
Other financing sources					
Interfund operating transfers in	-	-	-	339,380	339,380
Net change in fund balances	28,688	387	(18,394)	1,185	11,866
Fund balances, beginning of year	60,397	74,007	65,457	22,496	222,357
Fund balances, end of year	\$ 89,085	\$74,394	\$ 47,063	\$ 23,681	\$ 234,223

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

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>
Assets					
Cash and cash equivalents	\$ 80,122	\$ 2,487	\$5,224	\$ 738	\$ 88,571
Accounts receivable	3,614	-	-	604	4,218
Due from other governments	-	-	-	306	306
Inventories	8,158	-	-	-	8,158
Capital assets, net of accumulated depreciation	<u>18,385</u>	<u>11,530</u>	<u>3,015</u>	<u>10,069</u>	<u>42,999</u>
Total assets	<u>110,279</u>	<u>14,017</u>	<u>8,239</u>	<u>11,717</u>	<u>144,252</u>
Liabilities					
Accounts payable	226	6,707	2,075	-	9,008
Salaries and benefits payable	144	-	6,457	-	6,601
Bank loans payable	-	<u>9,000</u>	-	-	<u>9,000</u>
Total liabilities	<u>370</u>	<u>15,707</u>	<u>8,532</u>	<u>-</u>	<u>24,609</u>
Net Assets					
Invested in capital assets	18,385	11,530	3,015	10,069	42,999
Unrestricted	<u>91,524</u>	<u>(13,220)</u>	<u>(3,308)</u>	<u>1,648</u>	<u>76,644</u>
Total net assets	<u>\$109,909</u>	<u>\$(1,690)</u>	<u>\$ (293)</u>	<u>\$ 11,717</u>	<u>\$119,643</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, 2009

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	\$ 276,907	\$ -	\$ 153,047	\$ 56,219	\$ 486,173
Sale of product	-	21,546	-	-	21,546
Total operating revenue	<u>276,907</u>	<u>21,546</u>	<u>153,047</u>	<u>56,219</u>	<u>507,719</u>
Operating expenses					
Support services					
Instructional staff					
Purchased services	-	-	-	95	95
Administration					
Benefits	-	-	443	20	463
Purchased services	2,968	-	1,054	433	4,455
Supplies	456	-	-	-	456
Miscellaneous	-	37	932	274	1,243
	<u>3,424</u>	<u>37</u>	<u>2,429</u>	<u>727</u>	<u>6,617</u>
Operation and maintenance of plant					
Salaries	-	-	447	771	1,218
Benefits	-	-	49	106	155
Purchased services	6,288	863	11,783	-	18,934
Supplies	-	5,704	50,302	1,419	57,425
Depreciation	3,957	1,914	608	1,126	7,605
	<u>10,245</u>	<u>8,481</u>	<u>63,189</u>	<u>3,422</u>	<u>85,337</u>
Transportation					
Salaries	-	-	-	110	110
Purchased services	-	-	-	16	16
	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>	<u>126</u>
Total support services	<u>13,669</u>	<u>8,518</u>	<u>65,618</u>	<u>4,370</u>	<u>92,175</u>
Non-instructional programs					
Salaries	161,245	-	73,194	48,984	283,423
Benefits	64,327	-	13,124	12,058	89,509
Purchased services	-	752	-	139	891
Supplies	193,352	20,684	3,309	3,504	220,849
	<u>418,924</u>	<u>21,436</u>	<u>89,627</u>	<u>64,685</u>	<u>594,672</u>
Total operating expenses	<u>432,593</u>	<u>29,954</u>	<u>155,245</u>	<u>69,055</u>	<u>686,847</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, 2009

Schedule 4

	<u>School Nutrition</u>	<u>FFA Farm</u>	<u>Swimming Pool</u>	<u>Latchkey</u>	<u>Total</u>
Operating (loss)	\$(155,686)	\$(8,408)	\$ (2,198)	\$(12,836)	\$(179,128)
Non-operating revenue					
Interest income	1,991	95	309	162	2,557
State sources	4,287	-	-	-	4,287
Federal sources	140,479	-	-	-	140,479
Total non-operating revenue	<u>146,757</u>	<u>95</u>	<u>309</u>	<u>162</u>	<u>147,323</u>
Net loss	(8,929)	(8,313)	(1,889)	(12,674)	(31,805)
Net assets, beginning of year	<u>118,838</u>	<u>6,623</u>	<u>1,596</u>	<u>24,391</u>	<u>151,448</u>
Net assets, end of year	<u>\$ 109,909</u>	<u>\$(1,690)</u>	<u>\$ (293)</u>	<u>\$ 11,717</u>	<u>\$ 119,643</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, 2009

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	\$ 275,958	\$ -	\$ 153,047	\$ 56,917	\$ 485,922
Cash received from other operations	-	21,546	-	-	21,546
Cash payments to employees for services	(226,059)	-	(86,988)	(67,886)	(380,933)
Cash payments to suppliers for goods and services	<u>(181,517)</u>	<u>(21,333)</u>	<u>(65,951)</u>	<u>(5,880)</u>	<u>(274,681)</u>
Net cash provided by (used in) operating activities	<u>(131,618)</u>	<u>213</u>	<u>108</u>	<u>(16,849)</u>	<u>(148,146)</u>
Cash flows from non-capital financing activities					
Loan proceeds	-	7,000	-	-	7,000
State grants received	4,287	-	-	-	4,287
Federal grants received	<u>121,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,111</u>
Net cash provided by non-capital financing activities	<u>125,398</u>	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>132,398</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	<u>(4,024)</u>	<u>(10,690)</u>	<u>-</u>	<u>-</u>	<u>(14,714)</u>
Cash flows from investing activities					
Interest on investments	<u>1,991</u>	<u>95</u>	<u>309</u>	<u>162</u>	<u>2,557</u>
Net increase (decrease) in cash and cash equivalents	(8,253)	(3,382)	417	(16,687)	(27,905)
Cash and cash equivalents, beginning of year	88,375	5,869	4,807	17,425	116,476
Cash and cash equivalents, end of year	<u>\$ 80,122</u>	<u>\$ 2,487</u>	<u>\$ 5,224</u>	<u>\$ 738</u>	<u>\$ 88,571</u>

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

Operating income (loss)	\$(155,686)	\$(8,408)	\$ (2,198)	\$(12,836)	\$(179,128)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities					
Depreciation	3,957	1,914	608	1,126	7,605
Commodities used	19,368	-	-	-	19,368
(Increase) decrease in accounts receivable	(949)	-	-	1,004	55
(Increase) in due from other governments	-	-	-	(306)	(306)
Decrease in inventory	1,953	-	-	-	1,953
Increase in accounts payable	226	6,707	1,430	-	8,363
(Decrease) in due to other funds	-	-	(269)	(130)	(399)
Increase (decrease) in accrued salaries and benefits	<u>(487)</u>	<u>-</u>	<u>537</u>	<u>(5,707)</u>	<u>(5,657)</u>
Net cash provided by (used in) operating activities	<u>\$(131,618)</u>	<u>\$ 213</u>	<u>\$ 108</u>	<u>\$(16,849)</u>	<u>\$(148,146)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received \$19,368 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, 2009

Schedule 6

	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Assets				
Cash	<u>\$ 33,797</u>	<u>\$ 57,362</u>	<u>\$ 45,170</u>	<u>\$45,989</u>
 Liabilities				
Due to others	<u>\$ 33,797</u>	<u>\$ 57,362</u>	<u>\$ 45,170</u>	<u>\$45,989</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, 2009

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Drama/speech	\$ 1,261	\$ 941	\$ 1,585	\$ -	\$ 617
Musical drama	-	3,048	3,048	-	-
Vocal - elementary	-	234	234	-	-
Vocal - high school	5,854	5,099	4,919	-	6,034
Instrumental - elementary	440	1,982	1,394	-	1,028
Instrumental - high school	1,473	8,953	8,463	-	1,963
Weight-lifting	-	3,187	2,506	-	681
Cross country	804	4,527	4,101	-	1,230
Boys' basketball	2,677	20,080	18,788	-	3,969
Football	6,766	26,052	28,400	-	4,418
Baseball	(2,581)	27,707	22,582	-	2,544
Boys' track	933	6,845	6,931	-	847
Boys' golf	46	827	863	-	10
Wrestling	1,396	10,882	10,526	-	1,752
Girls' basketball	3,904	12,624	14,149	-	2,379
Volleyball	4,878	15,533	15,432	-	4,979
Softball	1,527	20,459	20,860	-	1,126
Girls' track	687	3,792	3,993	-	486
Girls' golf	467	1,562	1,686	-	343
Student services	212	811	846	-	177
Chess club	-	50	44	-	6
PIE	480	338	367	-	451
Elementary student leaders	121	-	-	-	121
Students 4 Earth	1,126	317	210	-	1,233
Elementary Earth keepers	262	-	22	-	240
Yearbook - high school	2,037	16,571	18,037	-	571
Yearbook - elementary	331	1,225	1,132	-	424
Stepperettes	2,600	4,444	3,488	-	3,556
Cheerleaders - high school	735	2,760	3,339	-	156
FFA	6,950	13,491	15,328	-	5,113
FHA	151	4,667	4,608	-	210
E.A.T. club	83	-	-	-	83
Elementary student activity	5,278	8,250	8,521	-	5,007
National Honor Society	212	1,044	739	-	517

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, 2009

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
JR/SR activity	\$ -	\$ 2,651	\$ 2,450	\$ -	\$ 201
Cheerleaders - junior high	332	30	-	-	362
Student advisory - junior high	797	2,975	2,759	-	1,013
Student council - high school	1,100	4,389	4,806	-	683
Senior class	-	184	-	-	184
Junior class	565	3,824	2,749	-	1,640
Sophomore class	103	518	-	-	621
Freshmen class	649	-	311	-	338
Eighth grade class	(114)	4,993	1,684	-	3,195
Media - elementary	1,066	810	800	-	1,076
Media - jr. and sr. high	1,551	922	995	-	1,478
6th Gr Beaver Store	66	1,094	919	-	241
Enterprise systems	-	113	112	-	1
Applied Econ 1	1	-	-	-	1
Applied Econ 2	15	-	-	-	15
Fall canteen	-	9,621	9,567	(54)	-
Winter canteen	-	6,022	6,022	-	-
Spring canteen	-	2,541	2,595	54	-
Summer canteen	5,642	7,733	11,929	-	1,446
Concession Bldg Project	10,800	-	1,496	-	9,304
S.O.D.A.	324	-	-	-	324
Totals	<u>\$ 74,007</u>	<u>\$ 276,722</u>	<u>\$ 276,335</u>	<u>\$ -</u>	<u>\$ 74,394</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Six Years

Schedule 8

	Modified Accrual Basis					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues						
Local sources						
Local tax	\$3,707,794	\$3,598,922	\$3,417,117	\$3,335,158	\$3,322,477	\$3,019,853
Tuition	402,242	383,098	477,812	450,800	493,872	424,635
Other	433,419	549,223	482,115	467,242	446,842	318,516
Intermediate sources	-	-	-	500	3,060	-
State sources	4,577,782	4,376,521	4,134,876	3,901,605	3,901,564	3,498,132
Federal sources	221,715	150,894	164,436	139,652	159,079	134,745
Total revenues	<u>\$9,342,952</u>	<u>\$9,058,658</u>	<u>\$8,676,356</u>	<u>\$8,294,957</u>	<u>\$8,326,894</u>	<u>\$7,395,881</u>
Expenditures						
Current						
Instruction						
Regular	\$3,494,816	\$3,181,829	\$3,091,111	\$3,060,762	\$3,096,370	\$3,389,717
Special	1,053,432	897,720	943,653	966,671	921,668	1,091,956
Other	999,252	983,326	921,757	926,696	1,042,339	629,615
Support services						
Student	351,388	352,716	321,797	272,911	263,003	302,904
Instructional staff	190,332	201,046	188,721	201,257	156,403	141,931
Administration	914,904	856,757	860,445	810,396	769,867	655,070
Operation and maintenance of plant	745,253	794,546	699,579	639,298	507,485	489,795
Transportation	407,175	364,125	321,782	314,899	286,540	221,345
Non-instructional programs	12,085	11,216	9,499	2,429	51,944	40,301
Other expenditures						
Facilities acquisition	975,132	243,039	198,172	41,122	2,074,304	1,152,032
Long-term debt						
Principal	375,000	525,000	510,000	460,000	215,000	195,000
Interest and other charges	34,489	39,746	51,546	60,965	69,432	62,809
AEA flowthrough	313,332	292,563	281,206	262,759	259,147	248,092
Total expenditures	<u>\$9,866,590</u>	<u>\$8,743,629</u>	<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, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated February 23, 2010. 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 discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies, including 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, 2009 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 on 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, including federal awarding agencies and pass-through entities. 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
February 23, 2010

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

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 Statement Preparation - Financial statement preparation is the responsibility of the District. At the present time, District personnel do not have the skills necessary to prepare the District's financial statements and related note disclosures in compliance with generally accepted accounting principles (GAAP). This is not an unusual situation for small governmental entities.

Recommendation - The business manager should consider obtaining additional GAAP training through reading relevant accounting literature and/or attending professional education courses. Since GAAP reporting and disclosures change constantly, the business manager should consider taking training annually to stay up-to-date on GAAP reporting and disclosure requirements. The District should also obtain current governmental accounting, reporting and disclosure reference materials and update them as new pronouncements become effective.

WILTON COMMUNITY SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2009

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 certainly understand the need for continuing education classes for all of our staff, including the business manager. However, we have a limited budget and must continually prioritize needs. We will investigate alternatives, but believe that it would not be an efficient use of District funds to get and maintain the necessary training for the business manager to comply with this recommendation. Nor do we consider hiring additional staff possessing these skills to be a feasible option.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2009 exceeded the amount budgeted in the Other Expenditures functional area.

Recommendation - Even though the certified budget was amended, it was not amended to sufficient amounts to cover expenditures. The certified budget should have been amended sufficiently in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure that the certified budget is not exceeded.

Conclusion - Response accepted.

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.
4. Business Transactions - Business transactions between the District and District officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jeff Belknap, board member part owner of Belknap's Custom Flooring	repairs	\$4,200
Linda Duncan, board member Part owner of LNT Special Tees, Inc.	Supplies	\$8,372

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2009

The transactions with the board members' businesses appear to represent a potential conflict of interest since the totals paid to each business totaled more than \$2,500 (as allowed by Chapter 279.7A of the Code of Iowa) during the fiscal year.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

Response - We will review the situation.

Conclusion - Response accepted.

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. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
11. Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

WILTON COMMUNITY SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2009

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	757,076
Revenues			
Statewide sales and services tax revenue	\$		592,408
Interest earned			8,723
Other			1,620
Proceeds from issuance of bonds	<u>700,000</u>		1,302,751
Expenditures/transfers out			
School infrastructure			
Buildings	\$(200,870)		
Equipment	(25,116)		
Other improvements	<u>(772,024)</u>		(998,010)
Debt service for school infrastructure			
Revenue debt		<u>(339,380)</u>	
Ending balance		<u>\$</u>	<u>722,437</u>

12. Unallowed Fees - It was noted that the District was charging fees for students to participate in extracurricular activities, student fieldtrips and class dues.

Recommendation - The Code of Iowa only allows school districts to charge fees for specific items listed in various chapters. Fees for participation in extracurricular activities, student fieldtrips and class dues are not allowable fees mentioned in the Code of Iowa. The District should review their policies and procedures regarding the charging of fees to students to ensure that they are in compliance with the Code of Iowa.

Response - We have reviewed our policies and procedures regarding the charging of fees and made changes as appropriate to comply with the Code of Iowa. We are no longer charging fees for extracurricular participation, student fieldtrips or class dues.

Conclusion - Response accepted.

WILTON COMMUNITY SCHOOL DISTRICT

Audit Staff

June 30, 2009

This audit was performed by

Kay Chapman, CPA

Tammy Calvert, staff accountant