

WILTON COMMUNITY SCHOOL DISTRICT

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

JUNE 30, 2014

WILTON COMMUNITY SCHOOL DISTRICT

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WILTON COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2014

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
(Before September 2013 Election)		
Linda Duncan	Board President	2015
Jeff Belknap	Board Member	2013
Christopher Watkins	Board Member	2013
Gary Mauer	Board Member	2015
Anthony Hurd	Board Member	2015
(After September 2013 Election)		
Linda Duncan	Board President	2015
Gary Mauer	Board Member	2015
Anthony Hurd	Board Member	2015
Tara Oien	Board Member	2017
Robert Metzger	Board Member	2017
School Officials		
Joe Burnett	Superintendent	2014
Joy Gehrls	District Secretary	Indefinite
Staci Owens-Kirkman	District Treasurer/Business Manager	Indefinite

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Independent Auditor's Report

To the Board of Education
Wilton Community School District:

Report on the Financial Statements

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, Wilton, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilton Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 8, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 3, 2015 on my consideration of Wilton Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 in considering Wilton Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 3, 2015

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, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$7,779,893 in fiscal 2013 to \$7,839,410 in fiscal 2014, and General Fund expenditures increased from \$8,104,937 in fiscal 2013 to \$8,119,573 in fiscal 2014. The District's General Fund balance decreased from \$1,449,691 in fiscal 2013 to \$1,171,797 in fiscal 2014, a 20% decrease.
- General Fund revenue increases were minor due to several variables from FY2013 to FY2014. Expenditures increasing from FY2013 to FY2014 are largely due to increased wages and benefits above budget cuts; thus, causing the fund balance to decrease.

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 Position 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, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental and Enterprise funds.

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

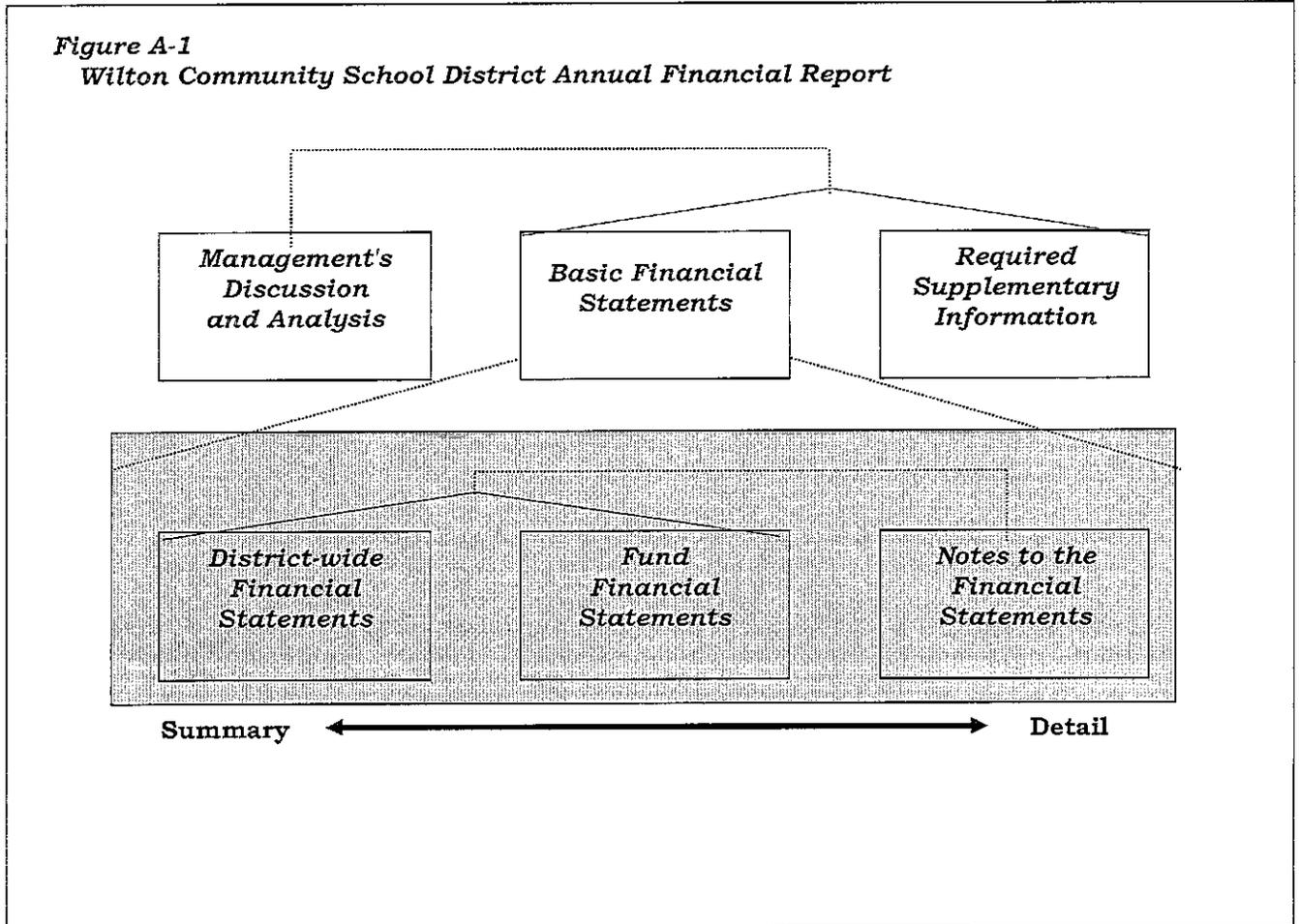


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, FFA farm, pool and latchkey programs	Instances in which the District administers resources on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • 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 position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
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 Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. 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 position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is 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 Funds.

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 position a statement of revenues, expenses and changes in fund net position 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. This fund consists of Agency Funds.

- 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 position and a statement of changes in fiduciary net position.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position

	Governmental		Business Type		Total		Total
	Activities		Activities		District		Change
	2014	2013	2014	2013	2014	2013	2013-2014
Current and other assets	\$ 16,360,079	\$ 6,302,587	\$ 243,187	\$ 224,972	\$ 16,603,266	\$ 6,527,559	154.36%
Capital assets	<u>8,789,893</u>	<u>8,151,187</u>	<u>37,509</u>	<u>37,590</u>	<u>8,827,402</u>	<u>8,188,777</u>	7.80%
Total assets	<u>25,149,972</u>	<u>14,453,774</u>	<u>280,696</u>	<u>262,562</u>	<u>25,430,668</u>	<u>14,716,336</u>	72.81%
Long-term liabilities	10,201,916	254,936	-	-	10,201,916	254,936	3901.76%
Other liabilities	<u>327,857</u>	<u>737,945</u>	<u>19,144</u>	<u>16,364</u>	<u>347,001</u>	<u>3,034,682</u>	-88.57%
Total liabilities	<u>10,529,773</u>	<u>3,273,254</u>	<u>19,144</u>	<u>16,364</u>	<u>10,548,917</u>	<u>3,289,618</u>	220.67%
Deferred inflows of resources	<u>3,498,640</u>	<u>2,756,263</u>	-	-	<u>3,498,640</u>	<u>3,034,682</u>	15.29%
Net position							
Net investment in							
capital assets	8,211,442	8,151,187	37,509	37,590	8,248,951	8,188,777	0.73%
Restricted	1,510,400	1,128,495	-	-	1,510,400	1,128,495	33.84%
Unrestricted	<u>1,399,717</u>	<u>1,900,838</u>	<u>224,043</u>	<u>208,608</u>	<u>1,623,760</u>	<u>2,109,446</u>	-23.02%
Total net position	<u>\$ 11,121,559</u>	<u>\$ 11,180,520</u>	<u>\$ 261,552</u>	<u>\$ 246,198</u>	<u>\$ 11,383,111</u>	<u>\$ 11,426,718</u>	-0.38%

The District's combined net position decreased by less than 1%, or \$43,607 from the prior year. The largest portion of the District's net position is the investment in capital assets (e.g., land, infrastructure, buildings and equipment).

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$381,905, or 34% over the prior year.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$485,686, or approximately 23%.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4

Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues							
Program revenues							
Charges for service	\$ 886,672	\$ 768,546	\$ 529,486	\$ 540,915	\$ 1,416,158	\$ 1,309,461	8.15%
Operating grants	1,203,892	1,175,229	158,608	160,754	1,362,500	1,335,983	1.98%
General revenues							
Property tax	2,938,291	2,900,171	-	-	2,938,291	2,900,171	1.31%
Statewide sales, services and use tax	679,132	657,426	-	-	679,132	657,426	3.30%
Unrestricted state grants	3,420,356	3,358,183	-	-	3,420,356	3,358,183	1.85%
Contributions and donations	9,923	30,246	-	-	9,923	30,246	-67.19%
Unrestricted investment earnings	10,356	9,463	259	452	10,615	9,915	7.06%
Other	218,237	35,691	-	-	218,237	35,691	511.46%
Gain on sale of capital assets	-	85	-	-	-	85	-100.00%
Total revenues	<u>9,366,859</u>	<u>8,935,040</u>	<u>688,353</u>	<u>702,121</u>	<u>10,055,212</u>	<u>9,637,161</u>	4.34%
Program expenses							
Governmental activities							
Instruction	5,808,177	5,668,730	-	-	5,808,177	5,668,730	2.46%
Support services	2,649,945	2,740,599	-	-	2,649,945	2,740,599	-3.31%
Non-instructional programs	9,794	9,580	672,999	669,845	682,793	679,425	0.50%
Other expenses	<u>957,904</u>	<u>630,198</u>	<u>-</u>	<u>-</u>	<u>957,904</u>	<u>630,198</u>	52.00%
Total expenses	<u>9,425,820</u>	<u>9,049,107</u>	<u>672,999</u>	<u>669,845</u>	<u>10,098,819</u>	<u>9,718,952</u>	3.91%
Change in net position	(58,961)	(114,067)	15,354	32,276	(43,607)	(81,791)	-46.68%
Net position beginning of year	<u>11,180,520</u>	<u>11,294,587</u>	<u>246,198</u>	<u>213,922</u>	<u>11,426,718</u>	<u>11,508,509</u>	-0.71%
Net position end of year	<u>\$ 11,121,559</u>	<u>\$ 11,180,520</u>	<u>\$ 261,552</u>	<u>\$ 246,198</u>	<u>\$ 11,383,111</u>	<u>\$ 11,426,718</u>	-0.38%

In fiscal 2014, property tax and unrestricted state grants account for 68% 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 \$10,055,212 of which \$9,366,859 was for governmental activities and \$688,353 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4.34% increase in revenues and a 3.91% increase in expenses.

Governmental Activities

Revenues for governmental activities were \$9,366,859 and expenses were \$9,425,820 for the year ended June 30, 2014.

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, 2014 compared to the year ended June 30, 2013.

Figure A-5

	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 5,808,177	\$ 5,668,730	2.5%	\$ 4,041,556	\$ 4,041,314	0.0%
Support services	2,649,945	2,740,599	-3.3%	2,634,923	2,724,213	-3.3%
Non-instructional programs	9,794	9,580	2.2%	9,794	9,580	2.2%
Other expenses	<u>957,904</u>	<u>630,198</u>	52.0%	<u>648,983</u>	<u>330,225</u>	96.5%
Total expenses	<u>\$ 9,425,820</u>	<u>\$ 9,049,107</u>	4.2%	<u>\$ 7,335,256</u>	<u>\$ 7,105,332</u>	3.2%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$886,672.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,203,892.
- The net cost of governmental activities was financed with \$3,617,423 in property and other taxes and \$3,420,356 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$688,353 representing a 2% decrease from the prior year and expenses were \$672,999, 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.

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 \$11,936,480 significantly above last year's ending fund balances of \$2,514,727.

Governmental Fund Highlights

- The General Fund balance decreased from \$1,449,691 at June 30, 2013 to \$1,171,797 at June 30, 2014 due to expenditures exceeding revenues as anticipated in fiscal year 2014.
- The Capital Projects – Construction Fund balance increased from zero at June 30, 2013 to \$9,270,045 at June 30, 2014 due to the issuance of \$9,785,000 of general obligation bonds to be used for construction of a new elementary building, K-12 cafeteria, and baseball complex.

Proprietary Fund Highlights

Enterprise Fund net position increased from \$246,198 at June 30, 2013 to \$261,552 at June 30, 2014, representing an increase of approximately 7%. The increase was due to increases in both the Pool and Latchkey Daycare Funds; resulting in an increased carryover balance for Enterprise Funds.

BUDGETARY HIGHLIGHTS

Wilton Community School District amended its annual budget once during the year ended June 30, 2014 to allow for costs associated with the moving of the baseball field and initial costs of the elementary building project.

The District's revenues were \$79,607 less than budgeted revenues, a variance of less than 1%. Total expenditures were \$2,525,402 less than budgeted due to potential building project expenditures which did not incur until after the end of fiscal year 2014. It is also the District's practice to budget expenditures close to 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, 2014, the District had invested \$8,827,402 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 8% over last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$492,031.

The original cost of the District's capital assets was \$19,478,450. Governmental funds account for \$19,279,985, with the remainder of \$198,465 accounted for in the Proprietary Funds.

The largest change in capital asset activity during the year occurred in the construction in progress category, which increased from zero at June 30, 2013 to \$726,949 at June 30, 2014. This increase was due to the initial construction phase of the building construction project.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental		Business Type		Total		Total Change
	Activities		Activities		District		
	2014	2013	2014	2013	2014	2013	
Land	\$ 125,211	\$ 125,211	\$ -	\$ -	\$ 125,211	\$ 125,211	2013- 2014 0.00%
Construction in progress	726,949	-	-	-	726,949	-	100.00%
Buildings and improvements	6,449,062	6,532,833	-	-	6,449,062	6,532,833	-1.28%
Improvements other than buildings	859,234	900,617	-	-	859,234	900,617	-4.59%
Furniture and equipment	<u>629,437</u>	<u>592,526</u>	<u>37,509</u>	<u>37,590</u>	<u>666,946</u>	<u>630,116</u>	5.84%
Totals	<u>\$8,789,893</u>	<u>\$8,151,187</u>	<u>\$ 37,509</u>	<u>\$37,590</u>	<u>\$8,827,402</u>	<u>\$8,188,777</u>	7.80%

Long-Term Debt

At June 30, 2014, the District had \$10,201,916 in general obligation and other long-term debt outstanding. This represents an increase of approximately 3902% over last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 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 \$11.3 million.

In April 2014, the District's voters authorized the issuance of \$9,785,000 of general obligation bonds to pay for construction of a new elementary building. Planning for the project and moving of the baseball field to accommodate for the new building started in fiscal 2014 and the bonds were sold during fiscal year 2014.

Figure A-7
Outstanding Long-term Obligations

	Total		Total
	School District		Change
Governmental Activities	2014	2013	2013-2014
General obligation bonds	\$ 9,785,000	\$ -	100.00%
Compensated absences	8,957	9,325	-3.95%
Termination benefits	117,859	-	100.00%
Net OPEB liability	<u>290,100</u>	<u>245,611</u>	18.11%
Total	<u>\$10,201,916</u>	<u>\$254,936</u>	3901.76%

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 unstable enrollment in the future, making it difficult to balance future budgets without making cuts or spending into unspent balance in the General Fund.
- Fiscal 2014 was a one-year contract with the Wilton Education Association (WEA). The District negotiated a new agreement during fiscal 2014 for FY2015. 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 balances.

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/School Business Official, 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 Position
June 30, 2014

Exhibit A

	Governmental Activities	Business Type Activities	Total
Assets			
Cash, cash equivalents and pooled investments	\$ 12,302,892	\$ 235,920	\$12,538,812
Receivables			
Property tax			
Delinquent	21,010	-	21,010
Succeeding year	3,498,640	-	3,498,640
Accounts receivable	20,049	2,005	22,054
Income surtax	154,923	-	154,923
Due from other governments	362,288	1,935	364,223
Due from other fund	277	-	277
Inventories	-	3,327	3,327
Non-depreciable capital assets	852,160	-	852,160
Capital assets, net of accumulated depreciation	7,937,733	37,509	7,975,242
Total assets	25,149,972	280,696	25,430,668
Liabilities			
Accounts payable	44,101	2,736	46,837
Salaries and benefits payable	24,717	15,746	40,463
Accrued interest payable	136,870	-	136,870
Due to other fund	-	277	277
Due to other governments	121,350	385	121,735
Advances from grantors	819	-	819
Long-term liabilities			
Portion due within one year			
General obligation bonds	410,000	-	410,000
Termination benefits payable	39,859	-	39,859
Portion due after one year			
General obligation bonds payable	9,375,000	-	9,375,000
Compensated absences	8,957	-	8,957
Termination benefits payable	78,000	-	78,000
Net OPEB liability	290,100	-	290,100
Total liabilities	10,529,773	19,144	10,548,917
Deferred Inflows of Resources			
Unavailable property tax revenue	3,498,640	-	3,498,640

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental Activities	Business Type Activities	Total
Net Position			
Net investment in capital assets	\$ 8,211,442	\$ 37,509	\$ 8,248,951
Restricted for			
Categorical funding	71,166	-	71,166
Management levy purposes	437,269	-	437,269
Physical plant and equipment	65,878	-	65,878
Student activities	126,880	-	126,880
School infrastructure	809,207	-	809,207
Unrestricted	1,399,717	224,043	1,623,760
Total net position	\$ 11,121,559	\$ 261,552	\$11,383,111

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2014

Exhibit B

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
Governmental activities							
Instruction							
Regular instruction	\$ 3,363,954	\$ 436,613	\$ 758,528	\$ -	\$ (2,168,813)	\$ -	\$ (2,168,813)
Special instruction	1,034,825	98,451	127,653	-	(808,721)	-	(808,721)
Other instruction	1,409,398	336,586	8,790	-	(1,064,022)	-	(1,064,022)
	5,808,177	871,650	894,971	-	(4,041,556)	-	(4,041,556)
Support services							
Student	231,928	-	-	-	(231,928)	-	(231,928)
Instructional staff	257,939	-	-	-	(257,939)	-	(257,939)
Administration	1,000,153	-	-	-	(1,000,153)	-	(1,000,153)
Operation and maintenance of plant	812,002	-	-	-	(812,002)	-	(812,002)
Transportation	347,923	15,022	-	-	(332,901)	-	(332,901)
	2,649,945	15,022	-	-	(2,634,923)	-	(2,634,923)
	9,794	-	-	-	(9,794)	-	(9,794)
Non-instructional programs							
Other expenses							
Facilities acquisition	34,070	-	-	-	(34,070)	-	(34,070)
Long-term debt interest	137,120	-	-	-	(137,120)	-	(137,120)
Bond issuance costs	148,498	-	-	-	(148,498)	-	(148,498)
AEA flowthrough	308,921	-	308,921	-	-	-	-
Depreciation (unallocated) *	329,295	-	-	-	(329,295)	-	(329,295)
	957,904	-	308,921	-	(648,983)	-	(648,983)
	9,425,820	886,672	1,203,892	-	(7,335,256)	-	(7,335,256)
Total governmental activities							

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2014

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	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	\$ 385,402	\$ 221,278	\$ 158,608	\$ -	\$ -	\$ (5,516)	\$ (5,516)
Latchkey program	106,264	113,364	-	-	-	7,100	7,100
Swimming pool	144,705	161,563	-	-	-	16,858	16,858
FFA farm program	36,628	33,281	-	-	-	(3,347)	(3,347)
Total business type activities	672,999	529,486	158,608	-	-	15,095	15,095
Total	\$ 10,098,819	\$ 1,416,158	\$ 1,362,500	\$ -	\$ (7,335,256)	\$ 15,095	\$ (7,320,161)
<u>General Revenues</u>							
Property tax levied for							
General purposes					2,863,681	-	2,863,681
Capital outlay					74,610	-	74,610
Statewide sales, services and use tax					679,132	-	679,132
Unrestricted state grants					3,420,356	-	3,420,356
Contributions and donations					9,923	-	9,923
Unrestricted investment earnings					10,356	259	10,615
Other					218,237	-	218,237
Total general revenues					7,276,295	259	7,276,554
Change in net position					(58,961)	15,354	(43,607)
Net position beginning of year					11,180,520	246,198	11,426,718
Net position end of year					\$ 11,121,559	\$ 261,552	\$ 11,383,111

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

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Capital Projects Construction</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$1,167,733	\$9,283,260	\$ 1,041	\$ 1,266,145	\$11,718,179
Receivables					
Property tax					
Delinquent	18,472	-	-	2,538	21,010
Succeeding year	2,585,577	-	686,291	226,772	3,498,640
Accounts receivable	918	-	-	19,131	20,049
Income surtax	154,923	-	-	-	154,923
Due from other governments	138,929	-	-	223,359	362,288
Due from other fund	654	-	-	-	654
Total assets	<u>\$4,067,206</u>	<u>\$9,283,260</u>	<u>\$ 687,332</u>	<u>\$ 1,737,945</u>	<u>\$15,775,743</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 8,023	\$ 13,215	\$ -	\$ 17,474	\$ 38,712
Salaries and benefits payable	24,717	-	-	-	24,717
Advances from grantors	819	-	-	-	819
Due to other fund	-	-	-	102	102
Due to other governments	121,350	-	-	-	121,350
Total liabilities	<u>154,909</u>	<u>13,215</u>	<u>-</u>	<u>17,576</u>	<u>185,700</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	2,585,577	-	686,291	226,772	3,498,640
Income surtax	154,923	-	-	-	154,923
Total deferred inflows of resources	<u>2,740,500</u>	<u>-</u>	<u>686,291</u>	<u>226,772</u>	<u>3,653,563</u>
Fund balances					
Restricted for					
Categorical funding	71,166	-	-	-	71,166
Student activities	-	-	-	126,880	126,880
Management levy purposes	-	-	-	555,128	555,128
School infrastructure	-	9,270,045	-	745,711	10,015,756
Physical plant and equipment	-	-	-	65,878	65,878
Debt service	-	-	1,041	-	1,041
Unassigned	<u>1,100,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,631</u>
Total fund balances	<u>1,171,797</u>	<u>9,270,045</u>	<u>1,041</u>	<u>1,493,597</u>	<u>11,936,480</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,067,206</u>	<u>\$9,283,260</u>	<u>\$ 687,332</u>	<u>\$ 1,737,945</u>	<u>\$15,775,743</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
- June 30, 2014

Exhibit D

Total fund balances of governmental funds	\$11,936,480
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,789,893
Other long-term assets are not available to pay current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	154,923
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.	(136,870)
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 Position.	579,049
Long-term liabilities, including bonds and notes payable, compensated absences, other postemployment benefits and termination benefits are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(10,201,916)</u>
Net position of governmental activities	<u>\$11,121,559</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, 2014

Exhibit E

	<u>General</u>	<u>Capital Projects Construction</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Local sources					
Local tax	\$2,637,959	\$ -	\$ -	\$ 335,487	\$ 2,973,446
Tuition	441,920	-	-	-	441,920
Other	134,205	1,046	1	337,060	472,312
State sources	4,402,463	-	-	679,131	5,081,594
Federal sources	222,863	-	-	-	222,863
Total revenues	<u>7,839,410</u>	<u>1,046</u>	<u>1</u>	<u>1,351,678</u>	<u>9,192,135</u>
Expenditures					
Current					
Instruction					
Regular	3,247,694	-	-	169,172	3,416,866
Special	1,028,611	-	-	-	1,028,611
Other	1,121,494	-	-	269,142	1,390,636
	<u>5,397,799</u>	<u>-</u>	<u>-</u>	<u>438,314</u>	<u>5,836,113</u>
Support services					
Student	230,460	-	-	-	230,460
Instructional staff	256,659	-	-	-	256,659
Administration	978,081	-	-	7,940	986,021
Operation and maintenance of plant	694,842	-	-	118,874	813,716
Transportation	252,811	-	-	116,258	369,069
	<u>2,412,853</u>	<u>-</u>	<u>-</u>	<u>243,072</u>	<u>2,655,925</u>
Non-instructional programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,794</u>	<u>9,794</u>
Other expenditures					
Facilities acquisition	-	578,451	-	230,647	809,098
Long-term debt					
Interest and fiscal charges	-	-	250	-	250
Underwriter discount on bonds	-	97,636	-	-	97,636
Bond issuance costs	-	50,862	-	-	50,862
AEA flowthrough	308,921	-	-	-	308,921
	<u>308,921</u>	<u>726,949</u>	<u>250</u>	<u>230,647</u>	<u>1,266,767</u>
Total expenditures	<u>8,119,573</u>	<u>726,949</u>	<u>250</u>	<u>921,827</u>	<u>9,768,599</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, 2014

Exhibit E

	<u>General</u>	<u>Capital Projects Construction</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (280,163)	\$ (725,903)	\$ (249)	\$ 429,851	\$ (576,464)
Other financing sources					
Sale of equipment and materials	2,269	-	-	-	2,269
Proceeds from issuance of bonds	-	9,785,000	-	-	9,785,000
Bond premium	-	210,948	-	-	210,948
Total other financing sources	<u>2,269</u>	<u>9,995,948</u>	<u>-</u>	<u>-</u>	<u>9,998,217</u>
Change in fund balances	(277,894)	9,270,045	(249)	429,851	9,421,753
Fund balance, beginning of year	<u>1,449,691</u>	<u>-</u>	<u>1,290</u>	<u>1,063,746</u>	<u>2,514,727</u>
Fund balance, end of year	<u>\$1,171,797</u>	<u>\$9,270,045</u>	<u>\$ 1,041</u>	<u>\$1,493,597</u>	<u>\$11,936,480</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, 2014

Exhibit F

Change in fund balances - total governmental funds \$ 9,421,753

**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	\$1,130,801	
Loss on disposal of capital assets	(5,715)	
Depreciation expense	<u>(486,380)</u>	638,706

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. (36,232)

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 position of the Internal Service Fund is reported with governmental activities. 662

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 Position. (9,785,000)

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. (136,870)

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:

Termination benefits	\$ (117,859)	
Compensated absences	368	
Other postemployment benefits	<u>(44,489)</u>	<u>(161,980)</u>

Change in net position of governmental activities \$ (58,961)

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

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		
Current assets		
Cash and cash equivalents	\$235,920	\$584,713
Accounts receivable	2,005	-
Due from other governments	1,935	-
Inventories	3,327	-
Total current assets	243,187	584,713
Noncurrent assets		
Capital assets, net of accumulated depreciation	37,509	-
Total assets	280,696	584,713
Liabilities		
Current liabilities		
Accounts payable	2,736	5,389
Salaries and benefits payable	15,746	-
Due to other funds	277	275
Due to other governments	385	-
Total liabilities	19,144	5,664
Net Position		
Net investment in capital assets	37,509	-
Unrestricted	224,043	579,049
Total net position	\$261,552	\$579,049

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit H

	Business Type <u>Activities</u> Nonmajor <u>Enterprise</u>	Governmental <u>Activities</u> Internal <u>Service</u>
Operating revenue		
Local sources		
Charges for service	\$496,205	\$ 155,159
Sale of product	<u>33,281</u>	<u>-</u>
Total operating revenue	<u>529,486</u>	<u>155,159</u>
 Operating expenses		
Support services		
Administration	5,638	-
Operation and maintenance of plant	85,990	-
Transportation	381	-
Non-instructional programs	<u>580,990</u>	<u>154,505</u>
Total operating expenses	<u>672,999</u>	<u>154,505</u>
 Operating income (loss)	<u>(143,513)</u>	<u>654</u>
 Non-operating revenues		
Interest income	259	8
State sources	2,967	-
Federal sources	<u>155,641</u>	<u>-</u>
Total non-operating revenues	<u>158,867</u>	<u>8</u>
 Change in net position	15,354	662
Net position beginning of year	<u>246,198</u>	<u>578,387</u>
 Net position end of year	<u>\$261,552</u>	<u>\$ 579,049</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit I

	Business Type Activities	Governmental Activities
	Nonmajor <u>Enterprise</u>	Internal <u>Service</u>
Cash flows from operating activities		
Cash received from sale of services	\$ 496,861	\$ 155,159
Cash received from other operations	33,281	-
Cash payments to employees for services	(366,854)	-
Cash payments to suppliers for goods and services	<u>(273,869)</u>	<u>(155,304)</u>
Net cash provided by (used in) operating activities	<u>(110,581)</u>	<u>(145)</u>
Cash flows from non-capital financing activities		
State grants received	2,967	-
Federal grants received	<u>135,117</u>	-
Net cash provided by non-capital financing activities	<u>138,084</u>	-
Cash flows from capital and related financing activities		
Acquisition of capital assets	<u>(5,569)</u>	-
Cash flows from investing activities		
Interest on investments	<u>259</u>	<u>8</u>
Net increase in cash and cash equivalents	22,193	(137)
Cash and cash equivalents, beginning of year	<u>213,727</u>	<u>584,850</u>
Cash and cash equivalents, end of year	<u>\$ 235,920</u>	<u>\$ 584,713</u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (143,513)	\$ 654
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	5,650	-
Commodities used	20,524	-
Decrease in accounts receivable	594	-
(Increase) in due from other governments	(336)	-
Decrease in inventory	3,720	-
Decrease in due from other fund	398	-
Increase (decrease) in accounts payable	1,326	(799)
(Decrease) in due to other funds	(316)	-
Increase in due to other governments	385	-
Increase in accrued salaries and benefits	<u>987</u>	-
Net cash provided by (used in) operating activities	<u>\$ (110,581)</u>	<u>\$ (145)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2014, the District received \$20,524 of federal commodities

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

Exhibit J

	<u>Agency</u>
Assets	
Cash, cash equivalents and pooled investments	\$67,024
Liabilities	
Due to others	<u>67,024</u>
Net position	<u>\$ -</u>

See notes to financial statements.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

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 Position 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 Position presents the District's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets 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 position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

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

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

The District reports the following major governmental fund:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues 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 - Construction Fund is utilized for construction projects of the District financed through issuance of general obligation bonds.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

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 a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

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 position 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - 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.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

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, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

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 Position. 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
Intangibles	\$25,000
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
Intangibles	5-10 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, 2014. The early retirement liability attributable to the governmental activities will be paid primarily from the Management Fund.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

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, 2014. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent 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 year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and income surtax receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position 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 Position.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

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

Net position restricted through enabling legislation include \$437,269 for management levy purposes, \$65,878 for physical plant and equipment, and \$809,207 for school infrastructure.

E. Budgeting and Budgetary Accounting

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

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 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, 2014, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$396 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major special revenue fund	
	Student activity fund	\$ 102
General	Non-major proprietary fund	
	Latchkey fund	218

General	Non-major proprietary fund	
	Swimming pool fund	59
	Non-major proprietary fund	
General	Internal service fund	<u>275</u>
		<u>\$ 654</u>

The interfund payable from the Student Activity to the General Fund are for bus usage during fiscal 2014 that were unpaid at June 30, 2014. The payable from the Internal Service Fund to the General Fund is for reimbursement of expenses. The payable from the Latchkey Fund to the General Fund was for salaries and benefits. The payable from the Swimming Pool Fund to the General Fund was for food. The balances will be repaid during the year ending June 30, 2015.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 125,211	\$ -	\$ -	\$ 125,211
Construction in progress	-	726,949	-	726,949
Total capital assets, not being depreciated	<u>125,211</u>	<u>726,949</u>	<u>-</u>	<u>852,160</u>
Capital assets being depreciated:				
Buildings and improvements	14,384,967	177,703	-	14,562,670
Improvements other than buildings	1,835,378	20,284	-	1,855,662
Furniture and equipment	1,866,798	205,865	(63,170)	2,009,493
Total capital assets being depreciated	<u>18,087,143</u>	<u>403,852</u>	<u>(63,170)</u>	<u>18,427,825</u>
Less accumulated depreciation for:				
Buildings and improvements	7,852,134	261,474	-	8,113,608
Improvements other than buildings	934,761	61,667	-	996,428
Furniture and equipment	1,274,272	163,239	(57,455)	1,380,056
Total accumulated depreciation	<u>10,061,167</u>	<u>486,380</u>	<u>(57,455)</u>	<u>10,490,092</u>
Total capital assets being depreciated, net	<u>8,025,976</u>	<u>(82,528)</u>	<u>(5,715)</u>	<u>7,937,733</u>
Governmental activities capital assets, net	<u>\$ 8,151,187</u>	<u>\$ 644,421</u>	<u>\$ (5,715)</u>	<u>\$ 8,789,893</u>
<u>Business type activities</u>				
Furniture and equipment	\$ 192,895	\$ 5,570	\$ -	\$ 198,465
Less accumulated depreciation	<u>155,305</u>	<u>5,651</u>	<u>-</u>	<u>160,956</u>
Business type activities capital assets, net	<u>\$ 37,590</u>	<u>\$ (81)</u>	<u>\$ -</u>	<u>\$ 37,509</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction		
Regular	\$ 59,605	
Other	15,981	
Support services		
Administration	8,859	
Operation and maintenance of plant	5,600	
Transportation	<u>67,040</u>	
	157,085	
Unallocated depreciation	<u>329,295</u>	
Total governmental activities depreciation expense	<u>\$ 486,380</u>	

Business type activities

Food services	\$ 2,286	
Latchkey program	81	
Swimming pool	1,679	
FFA farm	<u>1,605</u>	
Total business type activities depreciation expense	<u>\$ 5,651</u>	

Note 5. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ -	\$ 9,785,000	\$ -	\$ 9,785,000	\$ 410,000
Compensated absences	9,325	33,668	(34,036)	8,957	-
Termination benefits	-	117,859	-	117,859	39,859
Net OPEB liability	<u>245,611</u>	<u>87,180</u>	<u>(42,691)</u>	<u>290,100</u>	<u>-</u>
Totals	<u>\$ 254,936</u>	<u>\$ 10,023,707</u>	<u>\$ (76,727)</u>	<u>\$ 10,201,916</u>	<u>\$ 449,859</u>

There was no interest costs incurred and charged to expense during the year ended June 30, 2014.

General Obligation Bonds

On June 2, 2014, the District issued \$9,785,000 of general obligation bonds to finance the construction of an elementary building. Details of the District's June 30, 2014 general obligation indebtedness are as follows:

Year Ending June 30,	Bond issue of June 2, 2014			
	Interest Rates	Interest	Principal	Total
2015	2.00	\$ 274,504	\$ 410,000	\$ 684,504
2016	2.00	267,069	415,000	682,069
2017	2.00	258,769	420,000	678,769
2018	2.00	250,369	430,000	680,369
2019	2.00	241,768	440,000	681,768
2020-2024	2.0-2.5%	1,069,144	2,325,000	3,394,144
2025-2029	2.5-3.5%	753,600	2,650,000	3,403,600
2030-2034	3.5-4.0%	<u>378,800</u>	<u>2,695,000</u>	<u>3,073,800</u>
Totals		<u>\$ 3,494,023</u>	<u>\$ 9,785,000</u>	<u>\$ 13,279,023</u>

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, 2014, the District had obligations to six individuals for early retirement benefits. There were no early retirement expenditures for the year ended June 30, 2014.

Note 6. 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 5.95%, 5.78% and 5.38% of their annual covered salary and the District was required to contribute 8.93%, 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$439,273, \$431,789 and \$393,071, respectively, equal to the required contributions for each year.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 100 active members, of which 2 were excluded from the valuation because they were over the age of 65, and one retired member in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 81,040
Interest on net OPEB obligation	6,140
Adjustment to annual required contribution	<u>(39,070)</u>
Annual OPEB cost	48,110
Contributions made	<u>(3,621)</u>
Increase in net OPEB obligation	44,489
Net OPEB obligation beginning of year	<u>245,611</u>
Net OPEB obligation end of year	<u>\$ 290,100</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative

difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District made contributions totaling \$3,621 to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 57,205	3.0%	\$ 55,512
2011	\$ 59,017	0.0%	\$ 114,529
2012	\$ 71,980	0.0%	\$ 186,509
2013	\$ 59,102	5.3%	\$ 245,611
2014	\$ 48,110	7.5%	\$ 290,100

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$373,443, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$373,443. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4.8 million and the ratio of UAAL to covered payroll was 7.8%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 8. Risk Management

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

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$308,921 adjusting entry to the cash basis financial statements.

Note 10. Self-funded Health Insurance

The District utilizes a self-insurance fund which is used for a partial self-funding of a medical insurance deductible and out-of-pocket expense buy-down, a fully-self funded dental plan with a third party administrator, and a fully-self funded vision plan. For medical insurance the district purchases a \$750 deductible with a \$1,500 out-of-pocket maximum through the Iowa Star Schools plan which is fully insured through a BC/BS of Iowa plan. The district buys down the deductible to \$2,500 with an out-of-pocket maximum of \$2,500. 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 Iowa Star Schools 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, 2014, the District had accumulated an excess of \$579,049 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, 2014, 2013, 2012, 2011, 2010, 2009 and 2008. All submitted claims had been paid or accrued at June 30, 2014. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2014. The District is contingently liable for any claims in excess of funds available at June 30, 2014.

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,	
	2014	2013
Unpaid claims, beginning of year	\$ 6,463	\$ 3,497
Current year claims and changes in estimates	153,706	167,414
Claim payments	<u>(154,505)</u>	<u>(164,448)</u>
Unpaid claims, end of year	<u>\$ 5,664</u>	<u>\$ 6,463</u>

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

Note 12. Related Party Transactions

During the year ended June 30, 2014, the District had business transactions between the District and District officials totaling \$7,155. These transactions were for supplies purchased by the District.

Note 13. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Note 14. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Project	Program	
1112	Limited English Proficiency	\$ 4,927
1113	Home Schooled Assistance Program	3,493
3202	Beginning teacher mentoring and induction program	403
3222	Textbook aid for nonpublic students	745
3117	Statewide voluntary preschool	1,334
3342	Successful Progression for Early Readers	14,119
3373	Educator quality, professional development for model core curriculum	19,477
3376	Educator quality, professional development	21,406
3378	Educator quality, market factor incentives	909
3387	Teacher Leadership grant	<u>4,353</u>
		<u>\$ 71,166</u>

Note 15. Subsequent Event

The District began a building project for moving of the baseball field and construction of an elementary school in July 2014. The project is expected to be completed in the winter of 2015 or spring of 2016. The District had not entered into any contracts, for this construction project as of June 30, 2014.

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, 2014

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>	Budgeted Amounts <u>Original</u>	Final	Final to Actual <u>Variance</u>
Revenues						
Local sources	\$ 3,887,678	\$ 529,745	\$ 4,417,423	\$ 5,289,292	\$ 5,289,292	\$ (871,869)
State sources	5,081,594	2,967	5,084,561	4,275,803	4,275,803	808,758
Federal sources	222,863	155,641	378,504	395,000	395,000	(16,496)
Total revenues	<u>9,192,135</u>	<u>688,353</u>	<u>9,880,488</u>	<u>9,960,095</u>	<u>9,960,095</u>	<u>(79,607)</u>
Expenditures/Expenses						
Instruction	5,836,113	-	5,836,113	6,650,000	6,650,000	813,887
Support services	2,655,925	92,009	2,747,934	3,422,000	3,422,000	674,066
Non-instructional programs	9,794	580,990	590,784	945,000	945,000	354,216
Other expenditures	1,266,767	-	1,266,767	799,281	1,950,000	683,233
Total expenditures/expenses	<u>9,768,599</u>	<u>672,999</u>	<u>10,441,598</u>	<u>11,816,281</u>	<u>12,967,000</u>	<u>2,525,402</u>
Excess (deficiency) of revenues over (under) expenditures	(576,464)	15,354	(561,110)	(1,856,186)	(3,006,905)	2,445,795
Net other financing sources	<u>9,998,217</u>	<u>-</u>	<u>9,998,217</u>	<u>-</u>	<u>-</u>	<u>9,998,217</u>
Net change in fund balance	9,421,753	15,354	9,437,107	(1,856,186)	(3,006,905)	12,444,012
Balance, beginning of year	2,514,727	246,198	2,760,925	2,565,701	2,565,701	195,224
Balance, end of year	<u>\$11,936,480</u>	<u>\$261,552</u>	<u>\$12,198,032</u>	<u>\$ 709,515</u>	<u>\$ (441,204)</u>	<u>\$12,639,236</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2014

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 amended its certified budget once to increase budgeted expenditures by \$1,150,719.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 5,108,427	10.2%
2011	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 4,676,334	11.2%
2012	July 1, 2009	\$ -	\$522,974	\$522,974	\$ -	\$ 4,737,479	11.0%
2013	July 1, 2012	\$ -	\$408,061	\$408,061	\$ -	\$ 4,844,158	8.4%
2014	July 1, 2012	\$ -	\$373,443	\$373,443	\$ -	\$ 4,801,090	7.8%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

WILTON COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

	Special Revenue		Capital Projects		
	Student	Management	Statewide	Physical	
	Activity	Levy	Sales, Services	Plant and	
			and Use Tax	Equipment	Total
				Levy	
Assets					
Cash, cash equivalents and pooled investments	\$131,166	\$547,182	\$ 522,478	\$ 65,319	\$1,266,145
Receivables					
Property tax					
Delinquent	-	1,989	-	549	2,538
Succeeding year	-	150,000	-	76,772	226,772
Accounts receivable	453	18,678	-	-	19,131
Due from other governments	80	36	223,233	10	223,359
Total assets	\$131,699	\$717,885	\$745,711	\$142,650	\$1,737,945
Liabilities, Deferred Inflows of Resources					
and Fund Balances					
Liabilities					
Accounts payable	\$ 4,717	\$ 12,757	\$ -	\$ -	\$ 17,474
Due to other funds	102	-	-	-	102
Total liabilities	4,819	12,757	-	-	17,576
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	-	150,000	-	76,772	226,772
Fund balances					
Restricted for					
Student activities	126,880	-	-	-	126,880
Management levy purposes	-	555,128	-	-	555,128
School infrastructure	-	-	745,711	-	745,711
Physical plant and equipment	-	-	-	65,878	65,878
Total fund balances	126,880	555,128	745,711	65,878	1,493,597
Total liabilities, deferred inflows of resources and fund balances	\$131,699	\$717,885	\$745,711	\$142,650	\$1,737,945

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, 2014

Schedule 2

	Special Revenue		Capital Projects		
	Student	Management	Statewide	Physical	
	<u>Activity</u>	<u>Levy</u>	<u>Sales, Services</u>	<u>Plant and</u>	<u>Total</u>
			<u>and Use Tax</u>	<u>Equipment</u>	
				<u>Levy</u>	
Revenues					
Local sources					
Local tax	\$ -	\$ 260,877	\$ -	\$ 74,610	\$ 335,487
Other	324,076	3,780	9,166	38	337,060
State sources	-	-	679,131	-	679,131
Total revenues	<u>324,076</u>	<u>264,657</u>	<u>688,297</u>	<u>74,648</u>	<u>1,351,678</u>
Expenditures					
Current					
Instruction					
Regular	-	17,941	151,231	-	169,172
Other	265,543	3,599	-	-	269,142
Total instruction	<u>265,543</u>	<u>21,540</u>	<u>151,231</u>	<u>-</u>	<u>438,314</u>
Support services					
Administration	567	7,373	-	-	7,940
Operation and maintenance of plant	12,281	48,973	54,603	3,017	118,874
Transportation	12,399	16,594	-	87,265	116,258
Total support services	<u>25,247</u>	<u>72,940</u>	<u>54,603</u>	<u>90,282</u>	<u>243,072</u>
Non-instructional programs	-	9,794	-	-	9,794
Other expenditures					
Facilities acquisition	-	-	217,515	13,132	230,647
Total expenditures	<u>290,790</u>	<u>104,274</u>	<u>423,349</u>	<u>103,414</u>	<u>921,827</u>
Excess (deficiency) of revenues over					
(under) expenditures	33,286	160,383	264,948	(28,766)	429,851
Fund balances, beginning of year	93,594	394,745	480,763	94,644	1,063,746
Fund balances, end of year	<u>\$ 126,880</u>	<u>\$ 555,128</u>	<u>\$ 745,711</u>	<u>\$ 65,878</u>	<u>\$ 1,493,597</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2014

Schedule 3

	<u>School Nutrition</u>	<u>Latchkey</u>	<u>Swimming Pool</u>	<u>FFA Farm</u>	<u>Total</u>
Assets					
Current assets					
Cash and cash equivalents	\$ 96,883	\$55,923	\$49,630	\$33,484	\$235,920
Accounts receivable	140	1,865	-	-	2,005
Due from other governments	-	1,935	-	-	1,935
Inventories	3,327	-	-	-	3,327
Total current assets	<u>100,350</u>	<u>59,723</u>	<u>49,630</u>	<u>33,484</u>	<u>243,187</u>
Noncurrent assets					
Capital assets, net of accumulated depreciation	<u>16,937</u>	<u>322</u>	<u>10,985</u>	<u>9,265</u>	<u>37,509</u>
Total assets	<u>117,287</u>	<u>60,045</u>	<u>60,615</u>	<u>42,749</u>	<u>280,696</u>
Liabilities					
Current liabilities					
Accounts payable	-	-	1,776	960	2,736
Salaries and benefits payable	662	8,837	6,247	-	15,746
Due to other governments	-	-	385	-	385
Due to other funds	-	218	59	-	277
Total liabilities	<u>662</u>	<u>9,055</u>	<u>8,467</u>	<u>960</u>	<u>19,144</u>
Net Position					
Net investment in capital assets	16,937	322	10,985	9,265	37,509
Unrestricted	<u>99,688</u>	<u>50,668</u>	<u>41,163</u>	<u>32,524</u>	<u>224,043</u>
Total net position	<u>\$116,625</u>	<u>\$50,990</u>	<u>\$52,148</u>	<u>\$41,789</u>	<u>\$261,552</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

Schedule 4

	<u>School</u>	<u>Latchkey</u>	<u>Swimming</u>	<u>FFA</u>	<u>Total</u>
	<u>Nutrition</u>	<u>Latchkey</u>	<u>Pool</u>	<u>Farm</u>	<u>Total</u>
Operating revenue					
Local sources					
Charges for service	\$ 221,278	\$ 113,364	\$161,563	\$ -	\$ 496,205
Sale of product	-	-	-	33,281	33,281
Total operating revenue	<u>221,278</u>	<u>113,364</u>	<u>161,563</u>	<u>33,281</u>	<u>529,486</u>
Operating expenses					
Support services					
Administration					
Benefits	-	-	197	-	197
Purchased services	1,182	914	984	-	3,080
Miscellaneous	-	549	1,812	-	2,361
	<u>1,182</u>	<u>1,463</u>	<u>2,993</u>	<u>-</u>	<u>5,638</u>
Operation and maintenance of plant					
Purchased services	3,022	350	21,165	65	24,602
Supplies	-	2,711	41,934	13,379	58,024
Depreciation	-	81	1,678	1,605	3,364
	<u>3,022</u>	<u>3,142</u>	<u>64,777</u>	<u>15,049</u>	<u>85,990</u>
Transportation					
Salaries	-	327	-	-	327
Benefits	-	54	-	-	54
	<u>-</u>	<u>381</u>	<u>-</u>	<u>-</u>	<u>381</u>
Total support services	<u>4,204</u>	<u>4,986</u>	<u>67,770</u>	<u>15,049</u>	<u>92,009</u>
Non-instructional programs					
Salaries	148,334	77,186	60,044	-	285,564
Benefits	50,257	18,318	13,194	-	81,769
Purchased services	-	253	-	892	1,145
Supplies	180,321	5,521	3,697	20,687	210,226
Depreciation	2,286	-	-	-	2,286
	<u>381,198</u>	<u>101,278</u>	<u>76,935</u>	<u>21,579</u>	<u>580,990</u>
Total operating expenses	<u>385,402</u>	<u>106,264</u>	<u>144,705</u>	<u>36,628</u>	<u>672,999</u>
Operating income (loss)	<u>(164,124)</u>	<u>7,100</u>	<u>16,858</u>	<u>(3,347)</u>	<u>(143,513)</u>
Non-operating revenue					
Interest income	179	27	9	44	259
State sources	2,967	-	-	-	2,967
Federal sources	155,641	-	-	-	155,641
Total non-operating revenue	<u>158,787</u>	<u>27</u>	<u>9</u>	<u>44</u>	<u>158,867</u>
Net income (loss)	<u>(5,337)</u>	<u>7,127</u>	<u>16,867</u>	<u>(3,303)</u>	<u>15,354</u>
Net position beginning of year	121,962	43,863	35,281	45,092	246,198
Net position end of year	<u>\$ 116,625</u>	<u>\$ 50,990</u>	<u>\$ 52,148</u>	<u>\$ 41,789</u>	<u>\$ 261,552</u>

See accompanying Independent Auditor's Report.

WILTON COMMUNITY SCHOOL DISTRICT
 Combing Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2014

Schedule 5

	<u>School</u>	<u>Latchkey</u>	<u>Swimming</u>	<u>FFA</u>	<u>Total</u>
	<u>Nutrition</u>	<u>Latchkey</u>	<u>Pool</u>	<u>Farm</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from sale of services	\$ 221,536	\$ 113,713	\$ 161,612	\$ -	\$ 496,861
Cash received from other operations	-	-	-	33,281	33,281
Cash payments to employees for services	(198,528)	(96,061)	(72,265)	-	(366,854)
Cash payments to suppliers for goods and services	(160,290)	(10,298)	(69,218)	(34,063)	(273,869)
Net cash provided by (used in) operating activities	<u>(137,282)</u>	<u>7,354</u>	<u>20,129</u>	<u>(782)</u>	<u>(110,581)</u>
Cash flows from non-capital financing activities					
State grants received	2,967	-	-	-	2,967
Federal grants received	135,117	-	-	-	135,117
Net cash provided by non-capital financing activities	<u>138,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,084</u>
Cash flows from capital and related financing activities					
Acquisition of capital assets	(685)	(403)	(4,481)	-	(5,569)
Cash flows from investing activities					
Interest on investments	179	27	9	44	259
Net increase (decrease) in cash and cash equivalents	296	6,978	15,657	(738)	22,193
Cash and cash equivalents, beginning of year	96,587	48,945	33,973	34,222	213,727
Cash and cash equivalents, end of year	<u>\$ 96,883</u>	<u>\$ 55,923</u>	<u>\$ 49,630</u>	<u>\$ 33,484</u>	<u>\$ 235,920</u>

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

Operating income (loss)	\$(164,124)	\$ 7,100	\$ 16,858	\$(3,347)	\$(143,513)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	2,286	81	1,678	1,605	5,650
Commodities used	20,524	-	-	-	20,524
(Increase) decrease in accounts receivable	(140)	685	49	-	594
(Increase) in due from other governments	-	(336)	-	-	(336)
Decrease in inventory	3,720	-	-	-	3,720
Decrease in due from other fund	398	-	-	-	398
Increase (decrease) in accounts payable	(8)	-	374	960	1,326
Increase (decrease) in due to other funds	-	(375)	59	-	(316)
Increase in due to other governments	-	-	385	-	385
(Increase) in accrued salaries and benefits	62	199	726	-	987
Net cash provided by (used in) operating activities	<u>\$(137,282)</u>	<u>\$ 7,354</u>	<u>\$ 20,129</u>	<u>\$ (782)</u>	<u>\$(110,581)</u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2014, the District received \$20,524 of federal commodities.

WILTON COMMUNITY SCHOOL DISTRICT
 Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
 For the Year Ended June 30, 2014

Schedule 6

	Balance, Beginning of Year	<u>Additions</u>	<u>Deductions</u>	Balance, End of Year
Assets				
Cash	<u>\$ 55,884</u>	<u>\$ 54,251</u>	<u>\$ 43,111</u>	<u>\$67,024</u>
 Liabilities				
Due to others	<u>\$ 55,884</u>	<u>\$ 54,251</u>	<u>\$ 43,111</u>	<u>\$67,024</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, 2014

Schedule 7

Account	Balance, Beginning of Year	<u>Revenues</u>	<u>Expenditures</u>	Balance, End of Year
Drama/speech	\$ -	\$ 158	\$ 158	\$ -
Musical drama	-	2,405	2,293	112
Vocal - elementary	-	22	22	-
Vocal - high school	4,641	4,203	5,339	3,505
Instrumental - elementary	1,848	998	581	2,265
Instrumental - high school	4,526	4,357	7,172	1,711
Weight-lifting	1,405	1,374	2,140	639
Cross country	745	4,671	3,774	1,642
Boys' basketball	5,168	16,904	12,722	9,350
Football	1,488	42,572	35,962	8,098
Baseball	4,364	43,739	30,535	17,568
Boys' track	110	6,240	6,350	-
Boys' golf	151	1,270	1,404	17
Wrestling	3,435	22,783	17,676	8,542
Girls' basketball	3,991	10,565	12,564	1,992
Volleyball	6,414	21,494	22,475	5,433
Softball	4,223	28,642	18,727	14,138
Girls' track	1,130	4,547	4,704	973
Girls' golf	911	880	1,407	384
Industrial Arts	103	2,180	2,099	184
Robotics club	-	1,225	1,197	28
Student services	464	7,080	747	6,797
PIE	939	-	72	867
Students 4 Earth	1,204	-	55	1,149
Yearbook - high school	10,975	7,769	16,014	2,730
Stepperettes	5,794	5,805	5,022	6,577
Cheerleaders - high school	1,226	8,090	5,851	3,465
FFA	2,689	20,856	18,153	5,392
FCCLA	1,307	5,966	6,813	460
Elementary student activity	5,931	5,456	5,745	5,642
National Honor Society	503	195	516	182
Cheerleader WR	532	1,085	1,347	270
Student advisory - junior high	1,844	516	1,302	1,058
Student council - high school	2,162	3,841	3,921	2,082
Senior class	224	-	57	167

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, 2014

Schedule 7

Account	Balance, Beginning of Year	Revenues	Expenditures	Balance, End of Year
JR/SR activity	\$ 139	\$ 330	\$ 229	\$ 240
Junior class	916	1,361	2,277	-
Sophomore class	-	392	-	392
Freshmen class	215	-	215	-
Prom committee	2,287	-	266	2,021
Media - elementary	586	970	187	1,369
Media - jr. and sr. high	1,414	348	228	1,534
6th Gr Beaver Store	899	588	335	1,152
Enterprise systems	-	60	60	-
Applied Econ 1	-	1,220	1,013	207
Fall canteen	-	8,067	8,067	-
Winter canteen	-	5,576	5,576	-
Spring canteen	-	2,274	2,274	-
Summer canteen	6,367	15,002	15,147	6,222
S.O.D.A.	324	-	-	324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 93,594</u>	<u>\$ 324,076</u>	<u>\$ 290,790</u>	<u>\$ 126,880</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 Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Modified Accrual Basis										
Revenues										
Local sources										
Local tax	\$2,973,446	\$3,652,181	\$3,726,103	\$3,659,470	\$ 3,709,720	\$3,707,794	\$3,598,922	\$3,417,117	\$3,335,158	\$3,322,477
Tuition	441,920	394,877	449,084	411,118	379,083	402,242	383,098	477,812	450,800	493,872
Other	472,312	449,125	448,627	530,307	468,265	433,419	549,223	482,115	467,242	446,842
Intermediate sources	-	-	-	-	-	-	-	-	500	3,060
State sources	5,081,594	4,375,679	4,305,041	4,204,232	3,718,185	4,577,782	4,376,521	4,134,876	3,901,605	3,901,564
Federal sources	222,863	204,392	352,506	447,969	657,108	221,715	150,894	164,436	139,652	159,079
Total revenues	<u>\$9,192,135</u>	<u>\$9,076,254</u>	<u>\$9,281,361</u>	<u>\$9,253,096</u>	<u>\$ 8,932,361</u>	<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>
Expenditures										
Current										
Instruction										
Regular	\$3,416,866	\$3,348,250	\$3,332,279	\$3,400,589	\$ 3,557,978	\$3,494,816	\$3,181,829	\$3,091,111	\$3,060,762	\$3,096,370
Special	1,028,611	1,117,236	1,179,236	1,144,315	991,773	1,053,432	897,720	943,653	966,671	921,668
Other	1,390,636	1,322,944	1,230,735	1,064,807	1,064,915	999,252	983,326	921,757	926,696	1,042,339
Support services										
Student	230,460	273,825	332,524	303,467	352,485	351,388	352,716	321,797	272,911	263,003
Instructional staff	256,659	215,867	183,729	209,813	197,512	190,332	201,046	188,721	201,257	156,403
Administration	986,021	1,004,041	952,541	922,493	931,409	914,904	856,757	860,445	810,396	769,867
Operation and maintenance of plant	813,716	899,165	820,025	790,783	716,168	745,253	794,546	699,579	639,298	507,485
Transportation	369,069	259,999	264,906	341,172	306,009	407,175	364,125	321,782	314,899	286,540
Non-instructional programs	9,794	11,867	15,879	13,765	12,532	12,085	11,216	9,499	2,429	51,944
Other expenditures										
Facilities acquisition	809,098	262,525	260,059	137,053	172,571	975,132	243,039	198,172	41,122	2,074,304
Long-term debt	-	-	-	-	-	-	-	-	-	-
Principal	-	-	175,000	350,000	1,330,000	375,000	525,000	510,000	460,000	215,000
Interest and other charges	250	-	1,125	4,278	59,834	34,489	39,746	51,546	60,965	69,432
Underwriter discount	97,636	-	-	-	-	-	-	-	-	-
Bond issuance costs	50,862	-	-	-	-	-	-	-	-	-
AEA flowthrough	308,921	299,973	298,248	331,288	334,015	313,332	292,563	281,206	262,759	259,147
Total expenditures	<u>\$9,768,599</u>	<u>\$9,015,692</u>	<u>\$9,046,286</u>	<u>\$9,013,823</u>	<u>\$10,027,201</u>	<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>

See accompanying Independent Auditor's Report.

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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 of
Wilton Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the 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, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 3, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Wilton Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wilton Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Wilton Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

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

consider the deficiency described in Part I of the accompanying Schedule of Findings as item A to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilton Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which 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, 2014 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

Wilton Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Wilton Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC

February 3, 2015

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

- 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.

Part II. Other Findings Related to Required Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2014 did not exceed the amended amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and a District official are detailed as follows:

WILTON COMMUNITY SCHOOL DISTRICT
 Schedule of Findings
 For the Year Ended June 30, 2014

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Linda Duncan, board member Part owner of LNT Special Tees, Inc.	Supplies	\$7,155

The transactions with the board member's business appear to represent a potential conflict of interest since the totals paid to the 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 - One variance in the basic enrollment data certified to the Iowa Department of Education was noted. One student was inadvertently omitted from the resident student count reported to the Iowa Department of Education.

Recommendation - The District should contact the Iowa Department of Education and the Iowa Department of Management to resolve this issue.

Response - We have contacted the Iowa Department of Education and the Iowa Department of Management to resolve this issue and have asked our auditor to report the error to the appropriate state departments to get this adjustment included on our fiscal year 2016 aid and levy calculation.

WILTON COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Conclusion - Response accepted.

8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was filed with the Department of Education timely.
11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

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, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 480,763
Revenues		
Statewide sales and services tax revenue	\$ 679,131	
Other local revenues	<u>9,166</u>	688,297
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ 207,869	
Equipment	<u>215,480</u>	<u>423,349</u>
Ending balance		<u>\$ 745,711</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

WILTON COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2014

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant