

*District  
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WILMOT UNION HIGH SCHOOL DISTRICT  
Financial Statements  
June 30, 1998  
Together with Independent Auditors' Report

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WILMOT UNION HIGH SCHOOL DISTRICT

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**SCHENCK & ASSOCIATES sc**  
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Wilmot Union High School District  
Wilmot, Wisconsin

We have audited the general purpose financial statements of the WILMOT UNION HIGH SCHOOL DISTRICT ("District") as of and for the year ended June 30, 1998, as identified in the accompanying table of contents. These general purpose financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the District's Board of Education and management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the WILMOT UNION HIGH SCHOOL DISTRICT at June 30, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 6, 1998 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. The combining and individual fund

To the Board of Education  
Wilmot Union High School District

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financial statements listed in the table of contents, are also presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Schenele & Associates sc*  
Certified Public Accountants

Brookfield, Wisconsin  
August 6, 1998



## EXHIBIT I

Capital Projects	Fiduciary Fund Agency	Account Groups		Total (Memorandum Only)	
		General Fixed Assets	General Long-Term Obligations	1998	1997
\$ 13	\$ 40,482	\$ -	\$ -	\$ 2,654,175	\$ 1,835,676
-	-	-	-	1,630,227	1,655,281
-	-	-	-	3,775	4,402
-	-	-	-	15,000	667,128
-	-	-	-	106,852	41,159
-	-	-	-	9,977	7,970
-	-	-	-	3,835	667
-	-	8,613,449	-	8,613,449	7,380,588
-	-	-	78,282	78,282	87,408
-	-	-	4,698,322	4,698,322	2,620,744
<u>\$ 13</u>	<u>\$ 40,482</u>	<u>\$ 8,613,449</u>	<u>\$ 4,776,604</u>	<u>\$ 17,813,894</u>	<u>\$ 14,301,023</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,500,000	\$ 2,000,000
5,712	-	-	-	5,712	127,293
-	-	-	-	-	75,246
15,000	-	-	-	15,000	667,128
-	-	-	-	53,037	69,972
-	40,482	-	-	40,482	37,654
-	-	-	4,776,604	4,776,604	2,708,152
<u>20,712</u>	<u>40,482</u>	<u>-</u>	<u>4,776,604</u>	<u>6,390,835</u>	<u>5,685,445</u>
-	-	8,613,449	-	8,613,449	7,380,588
(20,699)	-	-	-	177,695	(676,679)
-	-	-	-	2,631,915	1,911,669
<u>(20,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,809,610</u>	<u>1,234,990</u>
<u>(20,699)</u>	<u>-</u>	<u>8,613,449</u>	<u>-</u>	<u>11,423,059</u>	<u>8,615,578</u>
<u>\$ 13</u>	<u>\$ 40,482</u>	<u>\$ 8,613,449</u>	<u>\$ 4,776,604</u>	<u>\$ 17,813,894</u>	<u>\$ 14,301,023</u>



## EXHIBIT II

<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>	
	<u>1998</u>	<u>1997</u>
\$ -	\$ 4,960,271	\$ 4,794,386
-	7,631	-
-	72,454	35,608
-	2,753,090	2,526,311
-	109,733	81,982
-	6,993	-
<u>-</u>	<u>7,910,172</u>	<u>7,438,287</u>
-	3,832,196	3,650,176
-	144,402	42,939
-	2,442,995	2,201,548
1,711,930	1,791,858	934,800
-	584,399	529,272
-	2,232	3,273
<u>1,711,930</u>	<u>8,798,082</u>	<u>7,362,008</u>
<u>(1,711,930)</u>	<u>(887,910)</u>	<u>76,279</u>
-	3,802	1,331
2,462,530	2,462,530	-
-	(3,802)	(1,331)
<u>2,462,530</u>	<u>2,462,530</u>	<u>-</u>
750,600	1,574,620	76,279
<u>(771,299)</u>	<u>1,234,990</u>	<u>1,158,711</u>
<u>\$ (20,699)</u>	<u>\$ 2,809,610</u>	<u>\$ 1,234,990</u>





Revenue Funds		Debt Service Fund			Capital Projects Funds		
Actual	Variance Favorable (Unfav.)	Budget	Actual	Variance Favorable (Unfav.)	Budget	Actual	Variance Favorable (Unfav.)
\$ 183,744	\$ (18,756)	\$ 479,759	\$ 479,759	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,610	25,610	-	-	-	-	-	-
47,053	7,053	-	-	-	-	-	-
1,024	1,024	-	-	-	-	-	-
<u>261,431</u>	<u>14,931</u>	<u>479,759</u>	<u>479,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,842	(16,842)	-	-	-	-	-	-
239,802	6,698	434,949	488,885	(53,936)	1,728,701	1,711,930	16,771
-	-	-	-	-	-	-	-
<u>256,644</u>	<u>(10,144)</u>	<u>434,949</u>	<u>488,885</u>	<u>(53,936)</u>	<u>1,728,701</u>	<u>1,711,930</u>	<u>16,771</u>
<u>4,787</u>	<u>4,787</u>	<u>44,810</u>	<u>(9,126)</u>	<u>(53,936)</u>	<u>(1,728,701)</u>	<u>(1,711,930)</u>	<u>16,771</u>
3,802	3,802	-	-	-	-	-	-
-	-	-	-	-	2,500,000	2,462,530	(37,470)
-	-	-	-	-	-	-	-
<u>3,802</u>	<u>3,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,462,530</u>	<u>(37,470)</u>
8,589	8,589	44,810	(9,126)	(53,936)	771,299	750,600	(20,699)
-	-	87,408	87,408	-	(771,299)	(771,299)	-
<u>\$ 8,589</u>	<u>\$ 8,589</u>	<u>\$ 132,218</u>	<u>\$ 78,282</u>	<u>\$ (53,936)</u>	<u>\$ -</u>	<u>\$ (20,699)</u>	<u>\$ (20,699)</u>

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the WILMOT UNION HIGH SCHOOL DISTRICT (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. REPORTING ENTITY

The WILMOT UNION HIGH SCHOOL DISTRICT is organized as a union high school district. The District, governed by a seven-member elected school board, operates grades nine through twelve, and is comprised of all or parts of six taxing districts.

As required by generally accepted accounting principles, these financial statements present the District as the primary government.

B. BASIS OF PRESENTATION

The accounts of the District are organized on the basis of funds and account groups in conformance with the accounting system prescribed for elementary and secondary school districts by the Wisconsin Department of Public Instruction. The prescribed accounting system does not include a provision for proprietary funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of governmental funds not recorded directly in those funds.

The District has the following funds and account groups:

GOVERNMENTAL FUNDS

Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

GENERAL FUND - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for its Teach Grant and Food Service Programs.

DEBT SERVICE FUND - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

CAPITAL PROJECTS FUND - The Capital Projects Fund is used to account for financial resources from long-term borrowing, segregated tax levy and other designated revenues used for the acquisition, construction, and maintenance of capital facilities and other fixed assets.

FIDUCIARY FUNDS

Fiduciary funds account for assets held by a district in a trustee capacity or as an agent on behalf of others.

AGENCY FUND - The Agency Fund is used to account for activities of student organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The account groups are not "funds". The following are the District's account groups:

GENERAL FIXED ASSETS - The general fixed asset account group is used to account for fixed assets of the District.

GENERAL LONG-TERM OBLIGATIONS - The general long-term obligation account group is used to account for unmatured general long-term debt and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MEASUREMENT FOCUS - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are presented using the flow of current financial resources measurement focus. With this measurement focus, operating statements present increases and decreases in net current assets as a measure of available spendable resources. Agency funds are custodial in nature and do not measure the results of operation or have a measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental funds exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Obligation Account Group.

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered available spendable resources, since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property taxes are recognized as revenue in the period for which the taxes are levied if they are due in the current year and available to pay current liabilities. The 1997 tax levy is used to finance operations of the District's fiscal year ended June 30, 1998. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

State general and categorical aids, federal impact aid, and other entitlements are recognized as revenue at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred.

Charges for services provided other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

Interest earnings on temporary investments is recognized in the fiscal period earned.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination and other post-employment benefits are recognized in the fiscal period when incurred. The cost of capital items is recorded as an expenditure when acquired. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. Costs for educational services provided the District by other educational agencies or private organizations are recognized when incurred. Costs for special education services are not reduced by anticipated state special education aid entitlements.

Compensated absences are recognized as an expenditure when used rather than when earned by the employee. Termination and other post-employment benefits are recognized as an expenditure in the fiscal period when paid or normally paid rather than when earned by employee. Principal and interest on long-term debt is recognized when due.

D. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

E. DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

The District's investments are reported at cost, since the investments are interest-earning contracts with remaining maturities of less than one year at time of purchase.

F. RECEIVABLES AND PAYABLES

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The noncurrent portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

G. OTHER ASSETS

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year's cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

H. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the Governmental Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

I. FIXED ASSETS

Purchases of fixed assets used in governmental fund type operations (general fixed assets) are reported as expenditures in the fund which finances the asset acquisition and are capitalized at cost in the general fixed asset account group. Assets in the general fixed asset account group are not depreciated. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date received. The cost of maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

J. LONG-TERM DEBT

The District records governmental fund long-term debt at face value as an other financing source and as a liability in the general



WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

long-term obligation account group. Debt discount and issuance cost is recorded as an expenditure of the fund receiving the proceeds. As required by state statute, premium and accrued interest received as part of the proceeds are recorded in the Debt Service Fund.

K. OTHER OBLIGATIONS

Employees may accumulate up to five days of vacation leave at the end of any fiscal year. These days must be used within 30 days after the end of a fiscal year. The District allows limited accumulation of sick leave. Teachers can accumulate up to 110 days, and support service can accumulate up to 100 days. Upon separation or retirement, employees do not receive any payment for unused sick time. There is no liability for unpaid accumulated sick leave since the District records the cost of sick leave only when used.

L. FUND EQUITY

Reservations of equity represent amounts that are not subject to appropriation and/or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

M. BUDGETARY ACCOUNTING

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two digit subfunction level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the school board.
- The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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- Pursuant to the public budget hearing, the school board may make alterations to the proposed budget.
- Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a two-third vote of the entire school board.
- Appropriations lapse at year end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.

N. TOTAL "MEMORANDUM ONLY" COLUMNS

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information. They are presented only to facilitate financial analysis. The columns do not present information that reflects financial position and results of operations in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

O. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

P. COMPARATIVE DATA

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE 2 CASH AND INVESTMENTS

The Debt Service Fund and Capital Projects Fund account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the Agency Fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Deposits

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for demand deposits and \$100,000 for time deposits. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the District's deposits was \$232,007 and the bank balance was \$1,215,775. Of the bank balance, \$141,144 was covered by FDIC insurance and \$400,000 was covered by the State Guarantee Fund. This left \$674,631 uninsured. No amounts have been collateralized.

The District's deposits are categorized below to give an indication of the level of risk assumed by the District at June 30, 1998. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

Deposits, categorized by level of risk, are:

	Bank Balance	Category			Carrying Amount
		1	2	3	
Local and area banks total deposits	\$ 1,215,775	\$ 541,144	\$ -	\$ 674,631	\$ 232,007
Total cash	\$ 1,215,775	\$ 541,144	\$ -	\$ 674,631	\$ 232,007

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

The District is required to invest its funds in accordance with Wisconsin Statute 66.04(2) and 67.11(2). The School Board has adopted an investment policy pursuant to these statutes which allows the District to invest in the following:

- Time Deposits
- Securities guaranteed by the U. S. Government
- Securities of Wisconsin Municipal Units
- Securities of Wisconsin Educational and School Districts
- Local Government Investment Pool

At June 30, 1998, the District's investments were entirely insured, guaranteed, or collateralized with securities held by the District or by its agent in the District's name.

<u>Investments</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U. S. Government securities	\$ 2,422,168	\$ 2,425,863
Total investments	<u>\$ 2,422,168</u>	<u>\$ 2,425,863</u>

NOTE 3 DUE FROM/DUE TO OTHER FUNDS

Individual fund interfund receivable and payable balances on June 30, 1998 are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 15,000	\$ -
Capital Projects Funds	-	15,000
Total	<u>\$ 15,000</u>	<u>\$ 15,000</u>

NOTE 4 SHORT-TERM NOTES PAYABLE

Short-term notes payable at June 30, 1998 are as follows:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates(%)</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/98</u>
Tax and revenue anticipation promissory note	09/03/97	4.25%	09/02/98	\$ 1,500,000
Total				<u>\$ 1,500,000</u>

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
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Interest expended on short-term notes for the year totaled \$67,031.

NOTE 5 EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions/subfunctions had an excess of actual expenditures over budget for the year ended June 30, 1998:

General Fund:	
Physical Curriculum	\$ 19,538
Co-Curricular Activities	25,311
Pupil Services	18,648
Operating Transfers	3,802
Other Non-Program Transactions	1,232
Special Revenue Funds	
Instruction	16,842
Debt Service Fund	
Support Service	53,936

NOTE 6 FUND BALANCES

On June 30, 1998, the following individual fund had a fund balance deficit:

Fund	Deficit
Capital Projects Fund	
Fund deficit is to be funded with long-term borrowing	\$ 20,699

Portions of fund balances are reserved and are not available for current appropriation or expenditure, as follows:

Fund	
General Fund - Reserved for encumbrances	\$ 111,523
Special Projects Fund - Reserved for Teach Grant expenditures	8,589
Debt Service Fund - Reserved for debt retirement	78,282

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

In addition, portions of unreserved fund balances have been designated to include the District's current plans for accumulating funds for use in subsequent periods, as follows:

Fund	
General Fund	\$ 2,631,915

NOTE 7 CHANGES IN GENERAL FIXED ASSETS

	Balances 7/1/97	Additions	Removals	Balances 6/30/98
Sites	\$ 156,725	\$ -	\$ -	\$ 156,725
Buildings	4,640,672	2,483,229	464,000	6,659,901
Equipment	1,811,892	16,755	31,824	1,796,823
Construction work in progress	771,299	1,711,930	2,483,229	-
Total	<u>\$ 7,380,588</u>	<u>\$ 4,211,914</u>	<u>\$ 2,979,053</u>	<u>\$ 8,613,449</u>

NOTE 8 LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balances 7/1/97	Additions	Reductions	Balances 6/30/98
Notes	\$ 1,840,000	\$ -	\$ 320,000	\$ 1,520,000
State Trust Fund Loans	-	2,462,530	30,602	2,431,928
Capital leases	26,533	-	26,533	-
Subtotal	1,866,533	2,462,530	377,135	3,951,928
Retired employee benefits- health benefits	196,640	22,010	43,166	175,484
Prior service liability- Wisconsin Retirement Fund	644,979	4,213	-	649,192
Total	<u>\$ 2,708,152</u>	<u>\$ 2,488,753</u>	<u>\$ 420,301</u>	<u>\$ 4,776,604</u>

Total interest paid during the year aggregated \$224,199, including \$83,966 for short-term borrowing.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 1998 is comprised of the following individual issues:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates(%)</u>	<u>Dates of Maturity</u>	<u>Balances 6/30/98</u>
State Trust Fund Loans General Obligation Promissory Notes payable	Various	6.75%	3/15/99 to 3/15/17	\$ 2,431,928
General Obligation Promissory Notes payable	Various	7.20%	9/01/98	\$ 20,000
General Obligation Promissory Notes payable	01/01/92	5.7% to 6.10%	9/01/99 to 4/01/01	<u>1,500,000</u>
Total general obligation debt				<u>\$ 3,951,928</u>

The 1997 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$986,237,213. The legal debt limit and margin of indebtedness as of June 30, 1998, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (5% of \$986,237,213)	\$ 49,311,861
Deduct long-term debt applicable to debt margin	<u>3,951,928</u>
Margin of indebtedness	<u>\$ 45,359,933</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 1998 follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$ 381,223	\$ 296,110	\$ 677,333
2000	431,976	233,142	665,118
2001	887,278	206,599	1,093,877
2002	82,494	151,973	234,467
2003	88,063	146,405	234,468
2004-2017	<u>2,080,894</u>	<u>1,201,647</u>	<u>3,282,541</u>
Total	<u>\$ 3,951,928</u>	<u>\$ 2,235,876</u>	<u>\$ 6,187,804</u>

See Note 1-K for a discussion of accumulated vested employee benefits.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

NOTE 9 EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

All eligible District employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher category are required by statute to contribute 6.4% of their salary (4.7% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 6.2% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the District employees covered by the System for the year ended June 30, 1998 was \$3,360,821; the District's total payroll was \$3,493,126. The total required contribution for the year ended June 30, 1998 was \$419,846, which consisted of \$208,466 or 6.3% of payroll from July 1, 1997 to December 31, 1997 and 6.1% from January 1, 1998 to June 30, 1998 from the employer and \$211,380 or 6.4% from July 1, 1997 to December 31, 1997 and 6.1% from January 1, 1998 to June 30, 1998 from employees. The total required contributions for the school years ended June 30, 1997 and June 30, 1996 were \$407,469 and \$376,738, respectively.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees), and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% (2.0% for Executives, Elected Officials and Protective Occupations with Social Security and 2.5% for Protective Occupations without Social Security) of final average earnings for each year of creditable service. Final average earnings are the average of the employee's three highest years of earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.



WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931

The System uses the "Entry Age Normal with Frozen Initial Liability" actuarial method in establishing employer contribution rates. Under this method the unfunded actuarial accrued liability (pension-related debt) is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by changes in benefit provisions. All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. Employers' pension-related debt for prior service costs is being amortized over a 40-year period beginning January 1, 1990. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits is presented in the System's annual financial report. As of December 31, 1997, pension-related debt for the District was \$650,419, or .03% of the System's prior service contribution receivable of \$2.14 billion. This liability was determined in accordance with provisions of GASB Statement 27 regarding pension-related debt. The actuarial methods and assumptions used are unchanged from those used prior to the implementation of GASB Statement 27.

NOTE 10 OPERATING LEASES, AS LESSEE

The District, as lessee, leases a copier for monthly payments of \$454. The lease expires in November 2001. Minimum annual rentals are as follows:

Year Ended June 30,	
1999	\$ 5,444
2000	5,444
2001	5,444
2002	2,270
Total minimum payments required	<u>\$ 18,602</u>

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

The following schedule shows the composition of total rental expense for all operating leases except those with terms of a month or less that were not renewed:

Minimum rentals	\$ 5,444
Total	<u>\$ 5,444</u>

NOTE 11 COMMITMENTS AND CONTINGENT LIABILITIES

Cost Reimbursement Program

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any to be immaterial.

Encumbrances Outstanding

Encumbrances for purchase orders, contracts and other commitments for expenditures are recognized by the District as a reservation of fund balance. On June 30, 1998, encumbrances outstanding were \$111,523 in the General Fund.

NOTE 12 POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Note 9, the District provides health insurance benefits for certain retired employees. The District provides these benefits according to teacher contracts. Expenditures for these benefits are recognized on a pay-as-you-go basis. The District recognized expenditures of \$43,166 during the year. The liability for accumulated post-employment benefits are recorded in the General Long-Term Obligation Account Group.

NOTE 13 LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limits the amount of revenues, for the five-year period 1993-94 through 1997-98, that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to \$206 per pupil, unless a higher amount has been approved by a referendum.

WILMOT UNION HIGH SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1998

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

Future principal and interest payments for debt issues required to be funded within revenue limitation constraints are:

1997-98	\$ 237,147
1998-99	234,467
1999-00	234,467

SUPPLEMENTAL

SUPPL  MENTAL

## WILMOT UNION HIGH SCHOOL DISTRICT

## SPECIAL REVENUE FUND

COMBINING BALANCE SHEET  
JUNE 30, 1998

	<u>Special Projects</u>	<u>Food Service</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 8,589	\$ -	8,589
Total assets	<u>\$ 8,589</u>	<u>\$ -</u>	<u>\$ 8,589</u>
<b>LIABILITIES</b>	\$ -	\$ -	\$ -
<b>FUND BALANCES</b>			
Reserved	8,589	-	8,589
Total fund balances	<u>8,589</u>	<u>-</u>	<u>8,589</u>
Total liabilities and fund balances	<u>\$ 8,589</u>	<u>\$ -</u>	<u>\$ 8,589</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

## SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Special Projects</u>	<u>Food Service</u>	<u>Total</u>
<b>REVENUES</b>			
Local sources	\$ -	\$ 183,744	\$ 183,744
State sources	25,431	4,179	29,610
Federal sources	-	47,053	47,053
Other	-	1,024	1,024
Total revenues	<u>25,431</u>	<u>236,000</u>	<u>261,431</u>
<b>EXPENDITURES</b>			
Instruction			
Current	11,530	-	11,530
Capital outlay	5,312	-	5,312
Support service			
Current	-	237,243	237,243
Capital outlay	-	2,559	2,559
Non-program			
Current	-	-	-
Total expenditures	<u>16,842</u>	<u>239,802</u>	<u>256,644</u>
Excess of revenues over (under) expenditures	<u>8,589</u>	<u>(3,802)</u>	<u>4,787</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	3,802	3,802
Net other financing sources (uses)	<u>3,802</u>	<u>3,802</u>	<u>3,802</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	8,589	-	8,589
<b>FUND BALANCES - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - End of year</b>	<u>\$ 8,589</u>	<u>\$ -</u>	<u>\$ 8,589</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

BALANCE SHEET  
JUNE 30, 1998

	State Trust Fund Building Addition
ASSETS	
Cash and investments	\$ 13
Total assets	<u>\$ 13</u>
LIABILITIES	
Accounts payable	\$ 5,712
Due to other funds	15,000
Total liabilities	<u>20,712</u>
FUND BALANCES	
Reserved	<u>(20,699)</u>
Total liabilities and fund balances	<u>\$ 13</u>



## WILMOT UNION HIGH SCHOOL DISTRICT

## CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 1998

	Fund 40 State Trust Fund Building Addition (A)
REVENUES	
Interest	\$ -
Other local sources	-
Total revenues	<u>-</u>
EXPENDITURES	
Facility acquisition and remodeling	1,711,930
Total expenditures	<u>1,711,930</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(1,711,930)
OTHER FINANCING SOURCES (USES)	
Debt proceeds	<u>2,462,530</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,462,530</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	750,600
FUND BALANCES - Beginning of year	<u>(771,299)</u>
FUND BALANCES - End of year	<u>\$ (20,699)</u>

(A) Segregated fund used to account for borrowing proceeds pursuant to Chapter 24 WIS. STATS.

## WILMOT UNION HIGH SCHOOL DISTRICT

## AGENCY FUND

BALANCE SHEET  
JUNE 30, 1998

	Agency Fund
ASSETS	
Cash and investments	\$ 40,482
Total assets	<u>\$ 40,482</u>
LIABILITIES	
Due to student organization	\$ 40,482
Total liabilities	<u>40,482</u>
FUND BALANCES	
Total liabilities and fund balances	<u>\$ 40,482</u>

WILMOT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

PUPIL ACTIVITY FUND  
FOR THE YEAR ENDED JUNE 30, 1998

	<u>Balance</u> <u>7/1/97</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/98</u>
<b>ASSETS</b>				
Cash	\$ 22,969	\$ 119,055	\$ 116,227	\$ 25,797
Investments	14,685	-	-	14,685
Total assets	<u>\$ 37,654</u>	<u>\$ 119,055</u>	<u>\$ 116,227</u>	<u>\$ 40,482</u>
 <b>LIABILITIES</b>				
Due to student organizations				
Wilmot Union High School	\$ 37,654	\$ 119,055	\$ 116,227	\$ 40,482
Total due to student organizations	<u>37,654</u>	<u>119,055</u>	<u>116,227</u>	<u>40,482</u>
Total liabilities	<u>\$ 37,654</u>	<u>\$ 119,055</u>	<u>\$ 116,227</u>	<u>\$ 40,482</u>

WILMOT UNION HIGH SCHOOL DISTRICT

EXHIBIT X

Schedule of Federal Financial Assistance  
Year ended June 30, 1998

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	7/1/97	Revenues			Accrued Receivable 6/30/98
				Grantor Reimbursements	Local Share	Expenses	
U.S. Department of Education							
Wisconsin Department of Public Instruction							
Title I							
July 1, 1997 to June 30, 1998	84.010	\$ 39,640	-	\$ -	-	\$ 39,640	\$ 39,640
July 1, 1996 to June 30, 1997			39,819	39,819	-	-	-
Title VI							
July 1, 1997 to June 30, 1998	84.151	2,991	-	-	-	2,991	2,991
July 1, 1996 to June 30, 1997			-	2,563	-	2,563	-
Drug-Free School Community Act							
July 1, 1996 to June 30, 1997	84.186		-	2,433	-	2,433	-
Gateway Technical College							
Tech Prep Education							
July 1, 1997 to June 30, 1998	84.243	1,000	-	-	-	1,000	1,000
University of Wisconsin-Parkside							
EESA Math/Science							
July 1, 1997 to June 30, 1998	84.164	1,983	-	-	-	1,983	1,983
July 1, 1996 to June 30, 1997			1,340	1,340	-	-	-
CESA #2							
Carl Perkins Vocational Education Act							
July 1, 1997 to June 30, 1998	84.048	8,070	-	8,070	-	8,070	-
Goals-2000 State and Local Education Systematic Improvement Grants							
July 1, 1997 to June 30, 1998	84.276	4,000	-	4,000	-	4,000	-

WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Federal Financial Assistance  
Year ended June 30, 1998

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	7/1/97	Revenues			Accrued Receivable 6/30/98
				Grantor Reimbursements	Local Share	Expenditures	
U.S. Department of Agriculture Wisconsin Department of Public Instruction Commodities July 1, 1997 to June 30, 1998	10.550	12,853	-	12,853	-	12,853	-
National School Lunch Program July 1, 1997 to June 30, 1998	10.555	34,199	-	34,199	192,750	226,949	-
<b>Total Federal Assistance</b>			<b>\$ 41,159</b>	<b>\$ 105,277</b>	<b>\$ 192,750</b>	<b>\$ 302,482</b>	<b>\$ 45,614</b>

## WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of State Financial Assistance  
Year ended June 30, 1998

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/97	State Reimburse- ments	Accrued Receivable 7/1/98
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>				
<u>Entitlement Programs</u>				
<u>Major state programs</u>				
Handicapped pupils and school age parents:	255.101			
Internal district programs		\$ -	\$ 136,135	\$ -
Participant in Package Program CESA #2		-	72,454	-
		-----	-----	-----
Total handicapped program		-	208,589	-
Common School Fund	255.103	-	14,792	-
General equalization	255.201	-	2,466,595	57,238
Pupil transportation	255.107	-	26,691	-
		-----	-----	-----
Total major programs		-	2,716,667	57,238
<u>Nonmajor state programs</u>				
State lunch	255.102	-	4,179	-
Drivers education	255.104	-	14,600	-
		-----	-----	-----
Total nonmajor programs		-	18,779	-
Total Wisconsin Department of Public Instruction		-	2,735,446	57,238
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>				
School to Work	PLG0895	-	6,668	-
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>				
Chapter 70.114 Aid		-	761	-
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>				
Educational Technology Block Grant	275.110	-	25,431	-
		-----	-----	-----
Total State Assistance		\$ -	\$ 2,768,306	\$ 57,238
		-----	-----	-----

Certified Public Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Wilmot Union High School District  
Wilmot, Wisconsin

We have audited the general purpose financial statements of WILMOT UNION HIGH SCHOOL DISTRICT ("District") as of and for the year ended June 30, 1998, and have issued our report thereon dated August 6. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose

To the Board of Education  
Wilmot Union High School District

financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Schuele & Associates sc*

Certified Public Accountants

Brookfield, Wisconsin  
August 6, 1998



WILMOT UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1998

We identified no areas of noncompliance or questioned costs.