

**WILMOT UNION HIGH SCHOOL DISTRICT**

Financial Statements

**June 30, 2000**

Together with Independent Auditors' Report



**EXHIBIT**

**INDEPENDENT AUDITORS' REPORT**

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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 ("the District") as of and for the year ended June 30, 2000, 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 *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, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the WILMOT UNION HIGH SCHOOL DISTRICT. 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 17, 2000 on our consideration of the WILMOT UNION HIGH SCHOOL DISTRICT's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Schemb & Associates SC*  
Certified Public Accountants

Brookfield, Wisconsin  
August 17, 2000



Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Obligations	2000	1999
	\$ 55,038	\$ -	\$ -	\$ 2,320,714
-	-	-	1,725,300	1,625,893
-	-	-	2,824	3,656
200	-	-	9,136	4,704
-	-	-	83,313	123,574
-	-	-	2,233	4,133
-	-	-	-	1,108
-	8,766,450	-	8,766,450	8,664,983
-	-	96,405	96,405	98,357
-	-	3,477,480	3,477,480	4,224,433
<u>\$ 55,238</u>	<u>\$ 8,766,450</u>	<u>\$ 3,573,885</u>	<u>\$ 16,483,855</u>	<u>\$ 17,160,618</u>
\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000
-	-	-	18,671	13,664
-	-	-	9,136	4,704
-	-	-	17,000	81,700
-	-	-	93,999	59,389
-	-	-	32,624	32,833
50,021	-	-	50,021	48,306
-	-	3,573,885	3,573,885	4,322,790
<u>50,021</u>	<u>-</u>	<u>3,573,885</u>	<u>4,795,336</u>	<u>5,563,386</u>
-	8,766,450	-	8,766,450	8,664,983
5,217	-	-	125,746	108,300
-	-	-	2,796,323	2,823,949
<u>5,217</u>	<u>8,766,450</u>	<u>-</u>	<u>11,688,519</u>	<u>11,597,232</u>
<u>\$ 55,238</u>	<u>\$ 8,766,450</u>	<u>\$ 3,573,885</u>	<u>\$ 16,483,855</u>	<u>\$ 17,160,618</u>





Total (Memorandum Only)	
<u>2000</u>	<u>1999</u>
\$ 5,428,069	\$ 5,042,208
70,297	76,667
80,478	48,518
3,389,596	3,169,834
109,008	108,249
30,370	28,618
<u>9,107,818</u>	<u>8,474,094</u>
4,571,526	3,955,291
226,867	143,485
3,280,543	2,901,021
100,981	376,578
682,705	971,145
<u>256,820</u>	<u>301,733</u>
<u>9,119,442</u>	<u>8,649,253</u>
<u>(11,624)</u>	<u>(175,159)</u>
461,922	19,264
1,444	-
-	4,244,726
-	(3,946,928)
<u>(461,922)</u>	<u>(19,264)</u>
<u>1,444</u>	<u>297,798</u>
(10,180)	122,639
<u>2,932,249</u>	<u>2,809,610</u>
<u>\$ 2,922,069</u>	<u>\$ 2,932,249</u>



Special Revenue Fund			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 236,555	\$ 245,970	\$ 9,415	\$ 635,034	\$ 641,562	\$ 6,528
51,514	54,905	3,391	-	-	-
3,500	57,357	53,857	-	-	-
169,000	212,781	43,781	-	-	-
45,000	51,129	6,129	-	-	-
-	-	-	-	-	-
<u>505,569</u>	<u>622,142</u>	<u>116,573</u>	<u>635,034</u>	<u>641,562</u>	<u>6,528</u>
553,888	535,922	17,966	-	-	-
420,259	444,371	(24,112)	643,917	643,514	403
72,961	104,399	(31,438)	-	-	-
<u>1,047,108</u>	<u>1,084,692</u>	<u>(37,584)</u>	<u>643,917</u>	<u>643,514</u>	<u>403</u>
<u>(541,539)</u>	<u>(462,550)</u>	<u>78,989</u>	<u>(8,883)</u>	<u>(1,952)</u>	<u>6,931</u>
543,352	461,922	(81,430)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>543,352</u>	<u>461,922</u>	<u>(81,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,813	(628)	(2,441)	(8,883)	(1,952)	6,931
<u>5,267</u>	<u>5,267</u>	<u>-</u>	<u>98,357</u>	<u>98,357</u>	<u>-</u>
<u>\$ 7,080</u>	<u>\$ 4,639</u>	<u>\$ (2,441)</u>	<u>\$ 89,474</u>	<u>\$ 96,405</u>	<u>\$ 6,931</u>

# WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements  
June 30, 2000

## 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.

### 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, Continued June 30, 2000

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 capital projects) that are legally restricted to expenditures for specified purposes. The District uses the following Special Revenue Funds:

- Special Projects Fund: Used to account for the Special Education Program and the State of Wisconsin Education Technology Block Grant (Teach Grant).
- Food Service Fund: Used to account for the District's food service programs.
- Package Cooperative Program Fund: Used to account for services provided on a cooperative basis with other educational agencies.

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.

### **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 and other assets that the District holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

EXPENDABLE TRUST FUND - The Expendable Trust Fund accounts for scholarships and other donations where both the principal and interest may be spent. Expendable Trust Funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

### **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:

## WILMOT UNION HIGH SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued June 30, 2000

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.

#### 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 and expendable trust 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 fund 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.

## WILMOT UNION HIGH SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued June 30, 2000

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 are 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.

#### 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

# WILMOT UNION HIGH SCHOOL DISTRICT

## Notes to General Purpose Financial Statements, Continued June 30, 2000

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 a 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".

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



# WILMOT UNION HIGH SCHOOL DISTRICT

## Notes to General Purpose Financial Statements, Continued June 30, 2000

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. 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.

### I. 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 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.

### J. OTHER OBLIGATIONS

Employees, excluding teachers, 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 retirement, individuals with 80 or more days of accumulated sick leave shall be granted severance pay at \$10/day for 80-109 days and \$20/day for 110 days. There is no liability for unpaid accumulated sick leave since the District records the cost of sick leave only when used.

### K. 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.

# WILMOT UNION HIGH SCHOOL DISTRICT

## Notes to General Purpose Financial Statements, Continued June 30, 2000

### L. 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 function level for all 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.
- 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. Encumbrances outstanding at year-end (e.g., purchase orders, contracts) were not significant.

### M. 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.

# WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

## N. 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.

## O. 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.

## NOTE 2 CASH AND INVESTMENTS

The Debt Service Fund accounts for its transactions through a separate and distinct bank and investment account as required by State Statutes. In addition, the Trust and Agency Funds use 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 depository 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 \$2,320,714 and the bank balance was \$2,821,516. Of the bank balance, \$257,543 was covered by FDIC insurance and \$800,000 was covered by the State Guarantee Fund. This left \$1,762,973 uninsured. One of the District's banks has provided a federal mortgage pool with a market value of \$2,085,515 as collateral against uninsured balances which left \$437,365 uncollateralized at June 30, 2000.

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

The District's deposits are categorized as follows to give an indication of the level of risk assumed by the District as fiscal year end.

- Category 1 – Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 – Uncollateralized

	Bank Balance	Category			Carrying Amount
		1	2	3	
Deposits:					
Time	\$ 1,846,309	\$ 1,846,309	\$ -	\$ -	\$ 1,846,309
Demand	975,207	537,842	-	437,365	473,663
Total deposits	<u>\$ 2,821,516</u>	<u>\$ 2,384,151</u>	<u>\$ -</u>	<u>\$ 437,365</u>	2,319,972
Petty cash					742
Total cash					<u>\$ 2,320,714</u>

NOTE 3 DUE FROM/DUE TO OTHER FUNDS

Individual fund interfund receivable and payable balances on June 30, 2000 are as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,936	\$ 200
Special Revenue Funds:		
Package Cooperative	-	8,936
Expendable Trust Fund	200	-
Total	<u>\$ 9,136</u>	<u>\$ 9,136</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

NOTE 4 SHORT-TERM NOTES PAYABLE

Short-term notes payable at June 30, 2000 are as follows:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance 6/30/00
Tax and revenue anticipation promissory notes	9-1-99	3.93%	9-5-00	<u>\$ 1,000,000</u>

Interest expense on short-term notes for the year totaled \$39,191.

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, 2000:

Individual Fund	Excess Expenditures
General Fund	
Instruction	\$ 109,194
Non-program	70,691
Special Revenue Funds	
Special Education Fund	
Support Services	11,523
Non-program	31,438
Food Service Fund	
Support Services	10,417
Package Cooperative Fund	
Support Services	2,172

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

NOTE 6 FUND BALANCES

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

Fund		
General Fund		
Reserved for encumbrances	\$	17,252
Reserved for inventories and prepaid supplies		2,233
Debt Service Fund – Reserved for debt retirement		96,405
Expendable Trust Fund – Reserved for scholarships		5,217
Food Service Fund – Reserved for future cash flow needs		4,639

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 – Designated for future cash flow needs	\$	2,796,323

NOTE 7 CHANGES IN GENERAL FIXED ASSETS

	Balances 7/1/99	Additions	Removals	Balances 6/30/00
Sites	\$ 156,725	\$ -	\$ -	\$ 156,725
Buildings	6,659,901	-	-	6,659,901
Equipment	1,848,357	101,467	-	1,949,824
Total	\$ 8,664,983	\$ 101,467	\$ -	\$ 8,766,450

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

NOTE 8 LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balances 7/1/99	Additions	Reductions	Balances 6/30/00
Bonds	\$ 2,472,000	\$ -	\$ 89,000	\$ 2,383,000
Notes	1,187,000	-	378,000	809,000
Subtotal	<u>3,659,000</u>	<u>-</u>	<u>467,000</u>	<u>3,192,000</u>
Retired employee benefits- health	202,624	30,862	58,094	175,392
Prior service liability - Wisconsin Retirement Fund	461,166	-	254,673	206,493
Total	<u>\$ 4,322,790</u>	<u>\$ 30,862</u>	<u>\$ 779,767</u>	<u>\$ 3,573,885</u>

Total interest expense during the year aggregated \$215,705, including \$39,191 for short-term borrowing.

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, 2000 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balances 6/30/00
General Obligation Promissory Note	1/7/99	4.7	4/01/00-4/01/02	\$ 809,000
General Obligation Refunding Bonds	12/29/98	4.9-8.0	3/15/00-3/15/17	2,383,000
Total general obligation debt				<u>\$ 3,192,000</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

The 1999 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,100,783,056. The legal debt limit and margin of indebtedness as of June 30, 2000, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (5% of \$1,100,783,056)	\$ 55,039,153
Deduct long-term debt applicable to debt margin	3,192,000
Margin of indebtedness	\$ 51,847,153

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2000 follows:

June 30,	Principal	Interest	Total
2001	\$ 488,00	\$ 154,790	\$ 642,790
2002	512,00	131,668	643,668
2003	102,00	107,408	209,408
2004	107,00	102,410	209,410
2005	113,00	158,640	271,640
2006-2017	1,870,00	1,057,520	2,927,520
Total	\$ 3,192,00	\$ 1,712,436	\$ 4,904,436

See Notes 1-J and 12 for a discussion of accumulated vested employee benefits.

Unfunded Pension Liability

The Wilmot Union High School District's unfunded pension liability of \$230,717 on December 31, 1999 is an actuarially computed liability by the Wisconsin Retirement System (System) resulting from increases in employee pension benefits that exceed actual and anticipated future contributions by the District to the System. The liability was originally calculated by the System as of January 1, 1990. Since that time, the District has been making additional payments to the System in order to payoff the liability. In addition, the District is charged 8% interest per year on the unpaid balance.

The Wilmot Union High School District records the unfunded pension liability in the general long-term debt account group, including that portion of the liability that is applicable to enterprise and internal service fund employees. Additional information on the Wisconsin Retirement System is provided in Note 9.



# WILMOT UNION HIGH SCHOOL DISTRICT

## Notes to General Purpose Financial Statements, Continued June 30, 2000

### 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/Educational Support Personnel category are required by statute to contribute 5.8% of their salary (4.3% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 5.4% 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, 2000 was \$4,115,446; the District's total payroll was \$4,325,003. The total required contribution for the year ended June 30, 2000 was \$459,424, which consisted of \$227,701 or 5.7% of payroll from July 1, 1999 to December 31, 1999 and 5.4% from January 1, 2000 to June 30, 2000 from the employer and \$231,723 or 5.8% of payroll from July 1, 1999 to December 31, 1999 and 5.5% from January 1, 2000 to June 30, 2000 from employees. Total contributions for the years ending June 30, 1999 and 1998, were \$427,689 and \$407,469, respectively, equal to the required contributions for each year.

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 earning is the average of the employee's three highest years 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.

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

# WILMOT UNION HIGH SCHOOL DISTRICT

## Notes to General Purpose Financial Statements, Continued June 30, 2000

writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As a result of changing plan provisions and benefits over the years, the District has a \$206,493 past service cost liability recorded in the general long-term debt account group.

### NOTE 10 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 not recognized by the District as a reservation of fund balance. On June 30, 2000 encumbrances outstanding were \$17,252 in the General Fund.

#### Capital Lease

The District has entered into a capital lease agreement for a Konica copier. The lease term is for five years at a total cost of \$59,108.

### NOTE 11 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 the teacher contracts. Expenditures for these benefits are recognized on a pay-as-you-go basis. The District recognized expenditures of \$58,094 during the year. The liability for accumulated post-employment benefits are recorded in the General Long-Term Obligation Account Group.

### NOTE 12 LIMITATION ON SCHOOL DISTRICT REVENUES

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes, unless a higher amount has been approved by a referendum.

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued  
June 30, 2000

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:

<u>June 30,</u>	
2001	\$ 209,767
2002	210,210
2003	209,408
2004	209,410
2005	271,640
2006-2007	2,927,520
Total	<u>\$ 4,037,955</u>

NOTE 13 SUBSEQUENT EVENTS

On July 24, 2000, the District entered into a capital lease agreement for computer technology equipment. The lease term is for four years at a total cost of \$600,000.

## WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds  
Combining Balance Sheet  
June 30, 2000

<u>ASSETS</u>	Special Projects	Food Service	Package Cooperative	Totals
Cash and investments	\$ 18,514	\$ 4,639	\$ -	\$ 23,153
Due from other governments	<u>2,072</u>	<u>-</u>	<u>8,936</u>	<u>11,008</u>
Total assets	<u>\$ 20,586</u>	<u>\$ 4,639</u>	<u>\$ 8,936</u>	<u>\$ 34,161</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts payable	\$ 3,586	\$ -	\$ -	\$ 3,586
Due to other funds	-	-	8,936	8,936
Due to other governments	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
Total liabilities	<u>20,586</u>	<u>-</u>	<u>8,936</u>	<u>29,522</u>
<u>Fund balances</u>				
Reserved	<u>-</u>	<u>4,639</u>	<u>-</u>	<u>4,639</u>
Total fund balances	<u>-</u>	<u>4,639</u>	<u>-</u>	<u>4,639</u>
Total liabilities and fund balances	<u>\$ 20,586</u>	<u>\$ 4,639</u>	<u>\$ 8,936</u>	<u>\$ 34,161</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
June 30, 2000

	<u>Special Projects</u>	<u>Food Service</u>	<u>Package Cooperative</u>	<u>Totals</u>
<u>Revenues</u>				
Local	\$ -	\$ 222,367	\$ 23,603	\$ 245,970
Interdistrict	4,767	-	50,138	54,905
Intermediate	57,357	-	-	57,357
State	209,034	3,747	-	212,781
Federal	-	51,129	-	51,129
	<u>271,158</u>	<u>277,243</u>	<u>73,741</u>	<u>622,142</u>
Total revenues				
<u>Expenditures</u>				
Instruction:				
Current	500,789	-	-	500,789
Capital outlay	35,133	-	-	35,133
Support service:				
Current	98,026	271,427	73,741	443,194
Capital outlay	-	1,177	-	1,177
Nonprogram:				
Current	104,399	-	-	104,399
	<u>738,347</u>	<u>272,604</u>	<u>73,741</u>	<u>1,084,692</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	(467,189)	4,639	-	(462,550)
<u>Other financing sources</u>				
Operating transfers in	461,922	-	-	461,922
	<u>461,922</u>	<u>-</u>	<u>-</u>	<u>461,922</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,267)	4,639	-	(628)
<u>Fund balances</u>				
Beginning of year	5,267	-	-	5,267
	<u>5,267</u>	<u>-</u>	<u>-</u>	<u>5,267</u>
End of year	\$ -	\$ 4,639	\$ -	\$ 4,639
	<u>\$ -</u>	<u>\$ 4,639</u>	<u>\$ -</u>	<u>\$ 4,639</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds  
 Package and Cooperative Fund - Detail Schedule of Expenditures  
 June 30, 2000

WESSAS Code	Function	Special Revenue Funds						Total Package & Cooperative Fund		
		Salaries	Employee Benefits	Purchased Services	Noncapital Objects	Capital Objects	Other			
221200	Curriculum Development	\$ 50,400	\$ 17,446	\$ 3,175	\$ -	\$ -	\$ 2,720	Total CESA Package \$ 73,741	Total 66:30 Cooperative \$ -	\$ 73,741
		<u>\$ 50,400</u>	<u>\$ 17,446</u>	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,720</u>	<u>\$ 73,741</u>	<u>\$ -</u>	<u>\$ 73,741</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

Trust and Agency Funds  
Combining Balance Sheet  
June 30, 2000

<u>ASSETS</u>	<u>Expendable Trust Fund Scholarships</u>	<u>Agency Funds</u>	<u>Totals</u>
Cash and investments	\$ 5,017	\$ 50,021	\$ 55,038
Due from other funds	200	-	200
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 5,217</u>	<u>\$ 50,021</u>	<u>\$ 55,238</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to student organizations	\$ -	\$ 50,021	\$ 50,021
	<hr/>	<hr/>	<hr/>
Total liabilities	-	50,021	50,021
 <u>Fund balances</u>			
Reserved	5,217	-	5,217
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 5,217</u>	<u>\$ 50,021</u>	<u>\$ 55,238</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Expendable Trust Fund  
June 30, 2000

	<u>Scholarships</u>
<u>Revenues</u>	
Contributions	<u>\$ 5,517</u>
<u>Expenditures</u>	
Scholarships	<u>300</u>
Excess of revenues over expenditures	5,217
Fund balance	
Beginning of year	<u>-</u>
End of year	<u>\$ 5,217</u>



## WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Changes in Assets and Liabilities -  
Pupil Activity Funds  
June 30, 2000

<u>ASSETS</u>	Balance July 1, 1999	Receipts	Disburse- ments	Balance June 30, 2000
Cash	\$ 33,621	\$ 181,600	\$ 179,885	\$ 35,336
Investments	<u>14,685</u>	<u>-</u>	<u>-</u>	<u>14,685</u>
Total assets	<u>\$ 48,306</u>	<u>\$ 181,600</u>	<u>\$ 179,885</u>	<u>\$ 50,021</u>
 <u>LIABILITIES</u>				
Due to student organizations Wilmot Union High School	<u>\$ 48,306</u>	<u>\$ 181,600</u>	<u>\$ 179,885</u>	<u>\$ 50,021</u>
Total liabilities	<u>\$ 48,306</u>	<u>\$ 181,600</u>	<u>\$ 179,885</u>	<u>\$ 50,021</u>

## WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards  
June 30, 2000

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Accrued Receivable 7/1/99	Revenues		Expendi- tures	Accrued Receivable 6/30/00
			Grantor Reimburse- ments	Local Share		
<u>U.S. Department of Education</u>						
Wisconsin Department of Public Instruction						
IASA Title I Basic Grant (Chapter 1)	84.010					
July 1, 1998 to June 30, 1999		\$ 39,640	\$ 39,640	\$ -	\$ -	\$ -
July 1, 1999 to June 30, 2000		-	39,046	-	39,046	-
IASA Title II (Eisenhower Math/Science)	84.281					
July 1, 1999 to June 30, 2000		-	-	-	4,227	4,227
IASA Title IV (Drug Free Schools and Communities)	84.186					
July 1, 1998 to June 30, 1999		2,931	2,931	-	-	-
July 1, 1999 to June 30, 2000		-	1,737	-	5,106	3,369
IASA Title VI (Innovative Education Program Strategies)	84.151					
July 1, 1998 to June 30, 1999		2,991	2,991	-	-	-
July 1, 1999 to June 30, 2000		-	-	-	296	296
IASA Title VI (Class Size Reduction)	84.340					
July 1, 1999 to June 30, 2000		-	9,204	-	9,204	-
School to Work Grant (Racine Area Manufacturers and Commerce, Inc.)	STW-27-99					
July 1, 1999 to June 30, 2000		-	2,740	-	2,740	-
School to Work Grant (Kenosha Area Business Alliance)	TRAN-27-00					
July 1, 1999 to June 30, 2000		-	4,906	-	4,906	-
Carl Perkins Consortium (CESA #2)	84.048					
July 1, 1999 to June 30, 2000		-	10,366	-	10,366	-
Goals 2000 State and Local Education Systematic Improvement Grants (CESA #2)	84.276					
July 1, 1999 to June 30, 2000		-	5,110	-	5,110	-
Goals 2000 State and Local Education Systematic Improvement Grants	84.276					
July 1, 1998 to June 30, 1999		2,240	2,240	-	-	-
Total U.S. Department of Education		47,802	120,911	-	81,001	7,892

## WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards  
June 30, 2000

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Accrued Receivable 7/1/99	Revenues		Expendi- tures	Accrued Receivable 6/30/00
			Grantor Reimburse- ments	Local Share		
<u>U.S. Department of Agriculture</u>						
Wisconsin Department of Public Instruction						
Donated Commodities	10.550	-	10,796	-	10,796	-
July 1, 1999 to June 30, 2000						
Food Service Aid - Lunch	10.555	-	40,333	221,475	261,808	-
July 1, 1999 to June 30, 2000						
Total U.S. Department of Agriculture		-	51,129	221,475	272,604	-
Total Federal Assistance		\$ 47,802	\$ 172,040	\$ 221,475	\$ 353,605	\$ 7,892

## WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of State Financial Assistance  
June 30, 2000

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/99	<u>Revenues</u> State Reimburse- ments	Expendi- tures	Accrued Receivable 6/30/00
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>					
<u>Entitlement Programs</u>					
<u>Major state programs</u>					
Special education and school age parents: Participant in Package Program at CESA #2	255.101	\$ -	\$ 180,217	\$ 180,217	\$ -
		-	57,357	57,357	-
Total special education aid		-	237,574	237,574	-
Total major programs		-	237,574	237,574	-
<u>Nonmajor state programs</u>					
Common School Fund	255.103	-	30,833	30,833	-
Drivers Education	255.104	-	19,600	19,600	-
General equalization	255.201	63,580	3,080,949	3,080,789	63,420
Pupil transportation	255.107	-	40,222	40,222	-
State Lunch	255.102	-	3,747	3,747	-
Total nonmajor programs		63,580	3,175,351	3,175,191	63,420
<b>WISCONSIN DEPARTMENT OF REVENUE</b>					
Exempt Computer Aid	N/A	-	4,449	4,449	-
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>					
Chapter 70.114 Aid	N/A	-	922	922	-
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>					
Educational and Technology Block Grant	275.110	-	28,817	28,817	-
Total State Assistance		<u>\$ 63,580</u>	<u>\$3,447,113</u>	<u>\$3,446,953</u>	<u>\$ 63,420</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2000

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Wilmot Union High School and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of the *Wisconsin Public School District Audit Manual*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE 2 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

1999-2000 eligible costs under the State Special Education Program are \$561,475.

NOTE 3 OVERSIGHT AGENCY

The Wisconsin Department of Public Instruction is the state oversight agency for the District.

**SCHENCK & ASSOCIATES sc**  
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, 2000, and have issued our report thereon dated August 17, 2000. 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*.

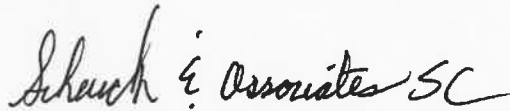
Internal Control Over Financial Reporting

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. However we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operating of the internal control over financial reporting that, in our judgement, could adversely affect the Districts' ability to record, process, summarize and report financial data consistent with assertions of management in the general purpose financial statements.

Reportable conditions are described in the accompanying Summary of Audit Results as item 00-1.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the Summary of Audit Results is not a material weakness.

This report is intended solely for the information and use of the school board, management, and Wisconsin Department of Public Instruction and is not intended to be, and should not be, used by anyone other than these interested parties.



Certified Public Accountants

Brookfield, Wisconsin  
August 17, 2000

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO STATE  
PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE

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

**Compliance**

We have audited the compliance of the Wilmot Union High School District (the "District") with the types of compliance requirements described in *the Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are applicable to its state special education aid programs for the year ended June 30, 2000. Compliance with the requirements of laws, regulations, and contracts applicable to each of its state programs is the responsibility of the Wilmot Union High School District's management. Our responsibility is to express an opinion on the Wilmot Union High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction. Those standards and the *Wisconsin Public School District Audit Manual* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on state programs occurred. An audit includes examining, on a test basis, evidence about the Wilmot Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Wilmot Union High School District's compliance with those requirements.

Wilmot Union High School District did comply with requirements regarding compliance requirements listed below that are applicable to its programs. Compliance with such requirements is necessary, in our opinion, for Wilmot Union High School District to comply with requirements applicable to that program.



## **WDPI**

- Cost
- Federal and/or other State Program funded costs
- Teacher and Teacher Aid Certification

In our opinion, Wilmot Union High School District complied, in all material respects, with the requirements referred to above that are applicable to its state special education aid program for the year ended June 30, 2000.

## **Internal Control Over Compliance**

The management of Wilmot Union High School District is responsible for establishing and maintaining effective internal control structure over compliance with requirements of laws, regulations, and contracts applicable to state programs. In planning and performing our audit, we considered the Wilmot Union High School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*.

We noted certain matters involving the internal control over compliance and its operation that we consider being reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgement, could adversely affect Wilmot Union High School District's ability to administer a major state program in accordance with applicable requirements of laws, regulations, and contracts. The reportable condition is described in the accompanying Summary of Audit Results as item 00-1.

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 noncompliance with applicable requirements of laws, regulations, and contracts that would be material in relation to a state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance, would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, we believe the reportable condition described above is not a material weakness.

To the Board of Education  
Wilmot Union High School District

Exhibit XIV  
Page 3 of 3

This report is intended solely for the information and use of the finance committee and management of the district and the Wisconsin Department of Public Instruction and is not intended to be, and should not be, used by anyone other than these interested parties.

*Schenk & Associates SC*

Certified Public Accountants

Brookfield, Wisconsin  
August 17, 2000

## WILMOT UNION HIGH SCHOOL DISTRICT

Summary of Audit Results  
June 30, 2000**Section I – Summary of Audit Results***Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness identified? \_\_\_\_\_yes      X   no

Reportable condition(s) identified not  
considered to be material weaknesses?   X   yes    \_\_\_\_\_none reported

Noncompliance material to the financial  
statements? \_\_\_\_\_yes      X   no

*State Awards*

Internal control over financial reporting:  
Material weakness identified? \_\_\_\_\_yes      X   no

Reportable condition(s) identified not  
considered to be material weaknesses?   X   yes    \_\_\_\_\_none reported

Type of auditor's report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with *the Wisconsin  
Public School District Audit Manual*? \_\_\_\_\_yes      X   no

## Identification of major state program

State ID Number	Name of State Program of Cluster
255.101	Special Education and School Age Parents

**Section II Financial Statement Findings**

00-1 Segregation of Duties – The size of the District's office staff has prevented the separation of functions necessary to assure an adequate internal control structure. The Board should continue to be aware of this condition.

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

October 12, 2000

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

In planning and performing our audit of the financial statements of Wilmot Union High School District for the year ended June 30, 2000, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following matters:

Debt Service

During our audit, it was noted that the District commingled Debt Service and General Fund monies. Per Wisconsin State Statute 120.10(10) "All money raised through taxation or otherwise collected pursuant to this subsection shall be deposited by the school district treasurer in a segregated fund. Such money shall not be used for any other purpose, except as provided by s. 67.11(1) or be transferred to any other fund except by authorization by a two-thirds majority vote of the total number of electors of the school district." At June 30, 2000 the District had corrected the transfer.

Pupil Activity

During our audit it was noted that the District kept certificates of deposit for scholarships in the pupil activity fund. The certificates of deposits should be in an expendable or nonexpendable fund. A recommendation on these certificates of deposits is needed from the Board since no documentation exists as to possible restrictions.

Expendable Trust Fund

During our audit, it was noted that the District had a certificate of deposit that contains the donor name along with the Districts' personnel. We believe only the Districts' name should be on this document, though, the donor may still direct the disbursements of these funds. The District may want to establish a questionnaire or policy for donors to have a clear of understanding of the following items:

Who is to control the monies?

Are the monies restricted?

Are the monies required to be in a certificate of deposit?

If the monies are to be left in the certificate of deposit, how does the school district account for receipts and disbursements?

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with District personnel, and we will be pleased to discuss them in further detail at your convenience.

*Schmid & Associates SC*

Certified Public Accountants

Brookfield, Wisconsin

August 17, 2000