

WILMOT UNION HIGH SCHOOL DISTRICT

Financial Statements

June 30, 2001

Together with Independent Auditors' Report

MANAGEMENT LETTER

WILMOT UNION HIGH SCHOOL

JUNE 30, 2001

SCHENCK & ASSOCIATES sc
Certified Public Accountants and Consultants

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

We have completed our audit of the general purpose financial statements of the Wilmot Union High School (the "District") for the year ended June 30, 2001. The District's general purpose financial statements, including our report thereon, are presented in a separate audit report document. Included in the District's audit report is the following additional auditor's report required by government auditing standards:

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of
General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

The above report states that our consideration of the internal control structure did not disclose any conditions that we believe to be material weaknesses and that nothing came to our attention to indicate that the District was not in compliance with laws, regulations, contracts and grants for which noncompliance with could have a material effect on the District's general purpose financial statements.

Our responsibility under auditing standards, as prescribed by generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA) and *Government Auditing Standards* issued by the Comptroller General of the United States, is to plan and perform our audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards and *Government Auditing Standards* does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities (or illegal acts), or noncompliance with the provisions of laws, regulations, contracts and grants, if existing, have not been detected. Such standards require that we obtain a sufficient understanding of the District's internal control structure to plan the audit. However, such understanding and any tests performed with respect to such internal controls, or as to compliance with laws, regulations, contracts and grants, were for the purpose of expressing our opinion on the District's general purpose financial statements and not to form an opinion or provide any assurance concerning such internal control structure or compliance. We could, however, as a separate engagement, be engaged to perform agreed-upon procedures or examine and report on management's assertion about the internal control structure or that management complied with specified laws and regulations. Such engagements would be conducted in accordance with AICPA standards for attestation engagements.

Presented on the following page is a table of contents for enclosed information and comments about financial and administrative matters that came to our attention during our audit of the District's general purpose financial statements. The basic purpose of the enclosed is to provide recommendations for improving the internal control structure and to provide financial information to assist management in the decision making process.

Sincerely,

Schenck & Associates s.c.

Brookfield, Wisconsin
August 20, 2001

WILMOT UNION HIGH SCHOOL
June 30, 2001

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SUMMARY FINANCIAL INFORMATION

District Governmental Fund Balances

Presented below is a summary of the District's governmental fund balances on June 30, 2001 including a comparison to the prior year. This information is provided for assisting management in assessing financial results for 2000-01 and for indicating financial resources available at the start of the 2001-02 budget year.

	June 30, 2001	June 30, 2000
Governmental Funds		
General Fund		
Reserved	\$ 7,503	\$ 19,485
Designated	2,683,477	2,796,323
Total General Fund	2,690,980	2,815,808
Special Revenue Funds		
Reserved for food expenditures	804	4,639
Debt Service Fund	57,656	96,405
Total Governmental Funds	\$ 2,749,440	\$ 2,916,852

As indicated above, the District's general fund designated balance totaled \$2,683,477 on June 30, 2001. This amount essentially represents cash available for use during the 2001-2002 school year. In our opinion, a reasonable level of retained general fund balance at June 30, 2001 would be between 20-25% of a school district's general and special education funds operating expenditures. A need for a working cash reserve of 20-25% is based on the following items that have a negative effect on cash flow:

- 1) The present payment schedule for state aids for school purposes results in over 80% of the total school aids due being received after December 1, five months after the school year has started. In addition, approximately 30-35% of aids are not received until June or July.
- 2) Property taxes levied to finance the school year budget are levied on January 1, six months after the school year has started. In addition, the collection method for property taxes results in a large portion of taxes not being received until August, approximately two months after the school year has ended.

Accordingly, based upon the District's 2000-2001 actual expenditures, a reasonable available undesignated general fund balance would be calculated as follows:

Actual 2000-01 General and Special Education Funds	
Operating Expenditures	\$10,027,175
Reasonable designated Fund Balance %	x 20-25%
Reasonable designated Fund Balance Amount	\$2,005,435 to \$2,506,794

The District's general fund balance of \$2,690,980 is not expected to change significantly. Therefore, we believe the District is in excellent financial position as the fund balance exceeds the recommended range.

COMMENTS AND OBSERVATIONS

Pupil Activity

Our 2000 audit management letter included information regarding the transfer of the certificates of deposit held in the pupil activity fund to the expendable trust fund. The District has completed most of these transfers but two certificates still remained in the pupil activity fund at June 30, 2001. These certificates of deposit are due to be transferred out of the pupil activity fund when they became due.

Expendable Trust Fund

Our 2000 management letter included information regarding establishing a policy for this fund and having the District retain control over this fund. At June 30, 2001 a policy has been established by the District, but sole access to the account not been established. The District has made progress in this matter by maintaining a subsidiary ledger to track the various scholarships.

GASB Statement No. 34 - Future Changes for Financial Statements

GASB Statement No. 34 will be effective for the financial statements for the year 2003 and will require major changes to the District's annual financial report.

Although the changes are not effective until 2003, we recommend the District develop an action plan or timetable to assist in the preparation of the additional financial records and information required by the implementation of GASB Statement No. 34. Our review of the statement indicates that the major changes for the District will be in developing and expanding its general fixed asset records. We believe this is one area that the District could begin compiling the required financial information immediately.

Additional financial statements and notes will be required to be included in the District's annual financial report. The new financial statements will be presented in a government wide format and will be completed by making worksheet adjustments and additions/deletions to financial information currently included in the existing fund-format annual financial report. Because this new financial information is required to be audited and additional statements and notes will be added to the annual financial report, it is anticipated that the cost of the annual audit will increase. With proper planning and development of the new financial information internally, the District can keep this additional cost to a minimum.

To assist the District in planning for GASB Statement No. 34, we have detailed below the majority of the items that will have to be completed to prepare financial statements in conformity with the new statement.

◆ Preparation of Financial Information Necessary to Complete Government Wide Financial Statements:

- 1) Expand General Fixed Asset Records
 - Evaluate existing capitalization policies and establish appropriate guidelines
 - Determine or estimate date of acquisition, if necessary
 - Determine useful lives
 - Calculate current book value for beginning of year asset values
 - Classify or apportion fixed assets costs and annual depreciation to functional categories
 - Determine infrastructure values, useful lives and book values
- 2) Determine Additions/Eliminations to Fund Financial Statements
 - Calculate amount of deferred revenue used to offset long-term receivables - Eliminate
 - Eliminate due to/from other funds
 - Calculate long-term revenues presently not recorded - Add

GASB Statement No. 34 - Future Changes for Financial Statements (Continued)

- Determine capital assets purchased in current year - Eliminate
- Calculate current year depreciation and allocate to functions - Add
- Determine portion of revenues from sale of capital assets equal to book value - Eliminate
- Calculate accrued interest on general long-term debt - Add
- Determine proper fund classification for food service fund

◆ Preparation of Government Wide Financial Statements Supplemental Information

- 1) Prepare worksheets/formulas to restate fund financial information to government wide format
- 2) Summarize explanation of differences and reconciling information
- 3) Prepare additional budgetary schedules and information:
 - Determine difference between original and final budgets
 - Determine explanations of differences between budgetary inflows and outflows

◆ Prepare Information and Design Format for Management's Discussion and Analysis

- 1) Determine format for required condensed financial information
- 2) Analyze overall financial position and results of operations
- 3) Analyze significant variations between budget and actual results

Because the above changes are significant to the existing financial reporting information currently generated by the District, we recommend that sufficient planning be undertaken prior to 2003 in order to insure a successful transition to the new format. We are aware of a number of districts that are planning on implementing the changes required by GASB Statement No. 34 a year early. By completing this process a year early, the District will be able to identify any particular problem areas and take appropriate steps to correct them prior to the required implementation date.

The above is presented for informational purposes. We are available to assist the District in the planning and implementation of GASB Statement No. 34.

OTHER REQUIRED COMMUNICATION

In accordance with the requirements of generally accepted government auditing standards, the following disclosures are presented:

1. Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are disclosed in Note 1 to the general purpose financial statements. There have been no material unusual transactions or controversial accounting issues.

2. Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. We are not aware of any particularly sensitive accounting estimates used by management in the preparation of the financial statements.

3. Significant Audit Adjustments

The financial statements reflect all accounting adjustments proposed during our audit. The adjustments included various end-of-year payable, receivable and reclassification entries. These entries are considered routine in nature and normally do not vary significantly from year to year. Copies of the audit adjustments are available from management.

4. Other Information in Documents Containing Audited Financial Statements

All the information included in the general purpose financial statements has been audited. Our responsibilities are addressed in the Independent Auditor's Report.

5. Disagreements with Management

We have had no material disagreements with management. For the purposes of this disclosure, professional accounting standards define a disagreement with management as a matter concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report.

6. Consultations with Other Auditors

To the best of our knowledge, management has not consulted with or obtained opinions from other independent auditors on auditing and accounting matters during the past year.

7. Issues Discussed Prior to the Current Audit

We have discussed various accounting and financial issues, including the application of any new and changed accounting principles or auditing standards, with management prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

8. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing the audit.

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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, 2001, 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 auditing standards generally accepted in the United States of America 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, 2001, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 20, 2001 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.

Schenck & Associates S. C.

Certified Public Accountants

Brookfield, Wisconsin

August 20, 2001

WILMOT UNION HIGH SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

ASSETS	Governmental Fund Types		
	General	Special Revenue	Debt Service
Cash and investments	\$ 1,412,559	\$ 16,342	\$ 57,656
Taxes receivable	1,690,889	-	-
Accounts receivable	4,674	-	-
Due from other funds	13,257	-	-
Due from other governments	90,626	30,245	-
Inventories and prepaid supplies	2,016	-	-
Other current assets	82,358	-	-
Fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amounts to be provided for retirement of long-term obligations	-	-	-
Total assets	\$ 3,296,379	\$ 46,587	\$ 57,656
LIABILITIES AND FUND EQUITY			
Liabilities			
Short-term notes payable	\$ 500,000	\$ -	\$ -
Accounts payable	40,192	-	-
Due to other funds	-	13,157	-
Due to other governments	-	22,987	-
Accrued salaries and related items	56,275	9,639	-
Accrued interest payable	8,932	-	-
Due to student organizations	-	-	-
Long-term obligations	-	-	-
Total liabilities	605,399	45,783	-
Fund Equity			
Investment in general fixed assets	-	-	-
Fund balances:			
Reserved	7,503	804	57,656
Designated	2,683,477	-	-
Total fund equity	2,690,980	804	57,656
Total liabilities and fund equity	\$ 3,296,379	\$ 46,587	\$ 57,656

The accompanying notes are an integral part of these general purpose financial statements.

Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-term Obligations	2001	2000
	\$ 58,362	\$ -	\$ -	\$ 1,544,919
-	-	-	1,690,889	1,725,300
-	-	-	4,674	2,824
-	-	-	13,257	9,136
-	-	-	120,871	83,313
-	-	-	2,016	2,233
-	-	-	82,358	-
-	8,769,479	-	8,769,479	8,766,450
-	-	57,656	57,656	96,405
-	-	3,301,877	3,301,877	3,477,480
<u>\$ 58,362</u>	<u>\$ 8,769,479</u>	<u>\$ 3,359,533</u>	<u>\$ 15,587,996</u>	<u>\$ 16,483,855</u>
\$ -	\$ -	\$ -	\$ 500,000	\$ 1,000,000
-	-	-	40,192	18,671
100	-	-	13,257	9,136
-	-	-	22,987	17,000
-	-	-	65,914	93,999
-	-	-	8,932	32,624
43,059	-	-	43,059	50,021
-	-	3,359,533	3,359,533	3,573,885
<u>43,159</u>	<u>-</u>	<u>3,359,533</u>	<u>4,053,874</u>	<u>4,795,336</u>
-	8,769,479	-	8,769,479	8,766,450
15,203	-	-	81,166	125,746
-	-	-	2,683,477	2,796,323
<u>15,203</u>	<u>8,769,479</u>	<u>-</u>	<u>11,534,122</u>	<u>11,688,519</u>
<u>\$ 58,362</u>	<u>\$ 8,769,479</u>	<u>\$ 3,359,533</u>	<u>\$ 15,587,996</u>	<u>\$ 16,483,855</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types
June 30, 2001

	Governmental Fund Types			Fiduciary Fund Types
	General	Special Revenue	Debt Service	Expendable Trust
Revenues				
Local	\$ 4,415,945	\$ 269,048	\$ 604,041	\$ 10,286
Interdistrict	25,735	79,159	-	-
Intermediate	20,277	33,946	-	-
State	3,977,111	237,516	-	-
Federal	61,149	55,080	-	-
Other	119,791	-	-	-
Total revenues	8,620,008	674,749	604,041	10,286
Expenditures				
Instruction:				
Current	4,643,111	706,179	-	-
Capital outlay	450,652	230	-	-
Support service:				
Current	3,149,641	488,225	-	-
Capital outlay	84,266	16,407	-	-
Debt service	145,688	33,162	642,790	-
Non-program:				
Current	228,072	128,250	-	300
Total expenditures	8,701,430	1,372,453	642,790	300
Excess (deficiency) of revenues over expenditures	(81,422)	(697,704)	(38,749)	9,986
Other financing sources (uses)				
Operating transfers in	-	693,869	-	-
Sale of assets	3,754	-	-	-
Capital leases	646,709	-	-	-
Operating transfers out	(693,869)	-	-	-
Total other financing sources (uses)	(43,406)	693,869	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(124,828)	(3,835)	(38,749)	9,986
Fund balances				
Beginning of year	2,815,808	4,639	96,405	5,217
End of year	\$ 2,690,980	\$ 804	\$ 57,656	\$ 15,203

The accompanying notes are an integral part of these general purpose financial statements.

Total (Memorandum Only)	
<u>2001</u>	<u>2000</u>
\$ 5,299,320	\$ 5,428,069
104,894	70,297
54,223	80,478
4,214,627	3,389,596
116,229	109,008
119,791	30,370
<u>9,909,084</u>	<u>9,107,818</u>
5,349,290	4,571,526
450,882	226,867
3,637,866	3,280,543
100,673	100,981
821,640	682,705
<u>356,622</u>	<u>256,820</u>
<u>10,716,973</u>	<u>9,119,442</u>
<u>(807,889)</u>	<u>(11,624)</u>
693,869	461,922
3,754	1,444
646,709	-
<u>(693,869)</u>	<u>(461,922)</u>
<u>650,463</u>	<u>1,444</u>
(157,426)	(10,180)
<u>2,922,069</u>	<u>2,932,249</u>
<u>\$ 2,764,643</u>	<u>\$ 2,922,069</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual -
All Governmental Fund Types
June 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Local	\$ 4,420,312	\$ 4,415,945	\$ (4,367)
Interdistrict	42,512	25,735	(16,777)
Intermediate	14,655	20,277	5,622
State	3,979,191	3,977,111	(2,080)
Federal	59,764	61,149	1,385
Other	28,750	119,791	91,041
Total revenues	8,545,184	8,620,008	74,824
Expenditures			
Instruction	4,505,652	5,093,763	(588,111)
Support service	3,387,243	3,379,595	7,648
Non-program	219,800	228,072	(8,272)
Total expenditures	8,112,695	8,701,430	(588,735)
Excess (deficiency) of revenues over expenditures	432,489	(81,422)	(513,911)
Other financing sources (uses)			
Operating transfers in	-	-	-
Sale of assets	-	3,754	3,754
Capital leases	-	646,709	646,709
Operating transfers out	(619,889)	(693,869)	(73,980)
Total other financing sources (uses)	(619,889)	(43,406)	576,483
Excess (deficiency) of revenues and other sources over expenditures and other uses	(187,400)	(124,828)	62,572
Fund balances			
Beginning of year	2,815,808	2,815,808	-
End of year	\$ 2,628,408	\$ 2,690,980	\$ 62,572

The accompanying notes are an integral part of these general purpose financial statements.

Special Revenue Fund			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 266,000	\$ 269,048	\$ 3,048	\$ 598,508	\$ 604,041	\$ 5,533
52,000	79,159	27,159	-	-	-
45,000	33,946	(11,054)	-	-	-
224,000	237,516	13,516	-	-	-
55,000	55,080	80	-	-	-
-	-	-	-	-	-
<u>642,000</u>	<u>674,749</u>	<u>32,749</u>	<u>598,508</u>	<u>604,041</u>	<u>5,533</u>
679,458	706,409	(26,951)	-	-	-
513,744	537,794	(24,050)	642,790	642,790	-
69,937	128,250	(58,313)	-	-	-
<u>1,263,139</u>	<u>1,372,453</u>	<u>(109,314)</u>	<u>642,790</u>	<u>642,790</u>	<u>-</u>
<u>(621,139)</u>	<u>(697,704)</u>	<u>(76,565)</u>	<u>(44,282)</u>	<u>(38,749)</u>	<u>5,533</u>
619,989	693,869	73,880	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>619,989</u>	<u>693,869</u>	<u>73,880</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,150)	(3,835)	(2,685)	(44,282)	(38,749)	5,533
<u>4,639</u>	<u>4,639</u>	<u>-</u>	<u>96,405</u>	<u>96,405</u>	<u>-</u>
<u>\$ 3,489</u>	<u>\$ 804</u>	<u>\$ (2,685)</u>	<u>\$ 52,123</u>	<u>\$ 57,656</u>	<u>\$ 5,533</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements
June 30, 2001

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, 2001

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, 2001

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, 2001

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, 2001

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 the 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, 2001

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, 2001

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 third subfunction 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, 2001

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 Agency Fund uses a separate and distinct account. 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 \$1,544,919 and the bank balance was \$1,730,334. Of the bank balance, \$253,896 was covered by FDIC insurance and \$400,000 was covered by the State Guarantee Fund. This left \$1,076,438 uninsured. One of the District's banks has provided a federal mortgage pool with a market value of \$1,795,377 as collateral against uninsured balances which left \$0 uncollateralized at June 30, 2001.

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

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	\$ 1,068,937	\$ 1,069,599	\$ -	\$ -	\$ 1,069,599
Demand	661,397	474,578	-	-	474,578
Total deposits	<u>\$ 1,730,334</u>	<u>\$ 1,544,177</u>	<u>\$ -</u>	<u>\$ -</u>	1,554,177
Petty cash					742
Total cash					<u>\$ 1,544,919</u>

NOTE 3 DUE FROM/DUE TO OTHER FUNDS

Individual fund interfund receivable and payable balances on June 30, 2001 are as follows:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ 13,257	\$ -
Special Revenue Funds:		
Food Service	-	4,911
Package Cooperative	-	8,246
Expendable Trust Fund	-	100
Total	<u>\$ 13,257</u>	<u>\$ 13,257</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

NOTE 4 SHORT-TERM NOTES PAYABLE

Short-term notes payable at June 30, 2001 are as follows:

<u>Description</u>	<u>Issue Dates</u>	<u>Interest Rates (%)</u>	<u>Dates of Maturity</u>	<u>Balance 6/30/01</u>
Tax and revenue anticipation promissory notes	1/18/01	4.00%	10/30/01	<u>\$ 500,000</u>

Interest expense on short-term notes for the year totaled \$16,044.

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

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, 2001:

Individual Fund	Excess Expenditures
General Fund	
Instruction	
Undifferentiated curriculum	\$ 3,127
Art	25,853
English	16,990
Business education	545,745
Technology education	18,863
Physical education	35,062
Co-curricular	31,172
Non-special education homebound	261
Support services	
Guidance	6,502
Attendance	8,828
Library media	75,296
Supervision and coordination	34,793
Board of education	239
Operation	62,646
Facilities acquisitions and remodeling	19,191
Pupil transportation	18,035
Internal services	1,757
Direction of central services	3,014
Staff services	400
Debt service	18,576
Non program transactions	
Interfund operating transfer	73,880
General instruction non-open enrollment	31,753
General tuition open enrollment	169

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

Special Revenue	
Instruction	
Cross categorical	103,372
Special education program aides	26,023
Support services	
Supervision and coordination	1,158
Pupil transportation	18,402
Debt service	3,162
Non program transactions	
Special education non-open enrollment	25,920
Special education open enrollment	32,393
Debt Service	
Support services	
Debt service	116,767
Food Service	
Support services	
Food services	6,430
Package Cooperative Fund	
Support services	
Improvement of instruction	5,049

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	\$ 7,503
Debt Service Fund – Reserved for debt retirement	57,656
Expendable Trust Fund – Reserved for scholarships	15,203
Food Service Fund – Reserved for future cash flow needs	804

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	\$ 2,683,477

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

NOTE 7 CHANGES IN GENERAL FIXED ASSETS

	Balances 7/1/00	Additions	Removals	Balances 6/30/01
Sites	\$ 156,725	\$ -	\$ -	\$ 156,725
Buildings	6,659,901	-	-	6,659,901
Equipment	1,949,824	163,389	160,360	1,952,853
Total	<u>\$ 8,766,450</u>	<u>\$ 163,389</u>	<u>\$ 160,360</u>	<u>\$ 8,769,479</u>

NOTE 8 LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balances 7/1/00	Additions	Reductions	Balances 6/30/01
Bonds	\$ 2,383,000	\$ -	\$ 93,000	\$ 2,290,000
Notes	809,000	-	395,000	414,000
Subtotal	<u>3,192,000</u>	<u>-</u>	<u>488,000</u>	<u>2,704,000</u>
Capital leases				
Computer equipment	-	600,000	150,000	450,000
Copier	-	46,709	8,245	38,464
Retired employee benefits- health	175,392	64,097	72,420	167,069
Prior service liability - Wisconsin Retirement Fund	206,493	-	206,493	-
Total	<u>\$ 3,573,885</u>	<u>\$ 710,806</u>	<u>\$ 925,158</u>	<u>\$ 3,359,533</u>

Total interest expense during the year aggregated \$159,352, including \$16,044 for short-term borrowing.

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

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, 2001 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balances 6/30/01
General Obligation Promissory Note	1/7/99	4.7	4/01/00-4/01/02	\$ 414,000
General Obligation Refunding Bonds	12/29/98	4.9-8.0	3/15/00-3/15/17	<u>2,290,000</u>
Total general obligation debt				<u>\$ 2,704,000</u>

The 2000 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,170,687,727. The legal debt limit and margin of indebtedness as of June 30, 2001, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt limit (5% of \$1,170,687,727)	\$ 58,534,386
Long term debt applicable to debt margin	\$ 2,704,000
Less amount available in debt service fund	<u>57,656</u>
Margin of indebtedness	<u>\$ 55,888,042</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2001 follows:

June 30,	Principal	Interest	Total
2002	512,000	131,668	643,668
2003	102,000	107,408	209,408
2004	107,000	102,410	209,410
2005	113,000	158,640	271,640
2006	118,000	149,600	267,600
2007-2017	1,752,000	907,920	2,659,920
Total	<u>\$ 2,704,000</u>	<u>\$ 1,557,646</u>	<u>\$ 4,261,646</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

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 5.5% of their salary (4.1% for Executives and Elected Officials, 4.1% for Protective Occupations with Social Security, and 4.4% 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, 2001 was \$4,853,825; the District's total payroll was \$5,015,649. The total required contribution for the year ended June 30, 2001 was \$471,913, which consisted of \$214,044 or 5.4% of payroll from July 1, 2000 to December 31, 2000 and 3.8% from January 1, 2001 to June 30, 2001 from the employer and \$257,869 or 5.5% of payroll from July 1, 2000 to December 31, 2000 and 5.2% from January 1, 2001 to June 30, 2001 from employees. Total contributions for the years ending June 30, 2000 and 1999, were \$459,424 and \$427,689, 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, 2001

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

NOTE 10 CAPITAL LEASES, AS LESSEE

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2001:

Year Ended June 30,	
2002	\$ 177,941
2003	178,870
2004	178,845
2005	11,740
Total minimum payments	547,396
Less – amount representing interest	(58,932)
Present value of net minimum lease payments	<u>\$ 488,464</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, 2001 encumbrances outstanding were \$7,503 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 the teacher contracts. Expenditures for these benefits are recognized on a pay-as-you-go basis. The District recognized expenditures of \$72,420 during the

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued
June 30, 2001

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 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.

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>	
2002	210,210
2003	209,408
2004	209,410
2005	271,640
2006	267,600
2007-2017	2,659,920
Total	<u>\$ 3,828,188</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds
Combining Balance Sheet
June 30, 2001

<u>ASSETS</u>	<u>Special Projects</u>	<u>Food Service</u>	<u>Package Cooperative</u>	<u>Totals</u>
Cash and investments	\$ 16,342	\$ -	\$ -	\$ 16,342
Due from other governments	<u>16,284</u>	<u>5,715</u>	<u>8,246</u>	<u>30,245</u>
Total assets	<u>\$ 32,626</u>	<u>\$ 5,715</u>	<u>\$ 8,246</u>	<u>\$ 46,587</u>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>				
Accrued salaries and related items	\$ 9,639	\$ -	\$ -	\$ 9,639
Due to other funds	-	4,911	8,246	13,157
Due to other governments	<u>22,987</u>	<u>-</u>	<u>-</u>	<u>22,987</u>
Total liabilities	<u>32,626</u>	<u>4,911</u>	<u>8,246</u>	<u>45,783</u>
<u>Fund balances</u>				
Reserved	<u>-</u>	<u>804</u>	<u>-</u>	<u>804</u>
Total fund balances	<u>-</u>	<u>804</u>	<u>-</u>	<u>804</u>
Total liabilities and fund balances	<u>\$ 32,626</u>	<u>\$ 5,715</u>	<u>\$ 8,246</u>	<u>\$ 46,587</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 June 30, 2001

	<u>Special Projects</u>	<u>Food Service</u>	<u>Package Cooperative</u>	<u>Totals</u>
<u>Revenues</u>				
Local	\$ -	\$ 242,698	\$ 26,350	\$ 269,048
Interdistrict	25,660	-	53,499	79,159
Intermediate	33,946	-	-	33,946
State	233,511	4,005	-	237,516
Federal	-	55,080	-	55,080
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	293,117	301,783	79,849	674,749
<u>Expenditures</u>				
Instruction:				
Current	706,179	-	-	706,179
Capital outlay	230	-	-	230
Support service:				
Current	119,165	289,211	79,849	488,225
Capital outlay	-	16,407	-	16,407
Debt service	33,162	-	-	33,162
Nonprogram:				
Current	128,250	-	-	128,250
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	986,986	305,618	79,849	1,372,453
Excess (deficiency) of revenues over expenditures	(693,869)	(3,835)	-	(697,704)
<u>Other financing sources</u>				
Operating transfers in	693,869	-	-	693,869
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(3,835)	-	(3,835)
<u>Fund balances</u>				
Beginning of year	-	4,639	-	4,639
	<hr/>	<hr/>	<hr/>	<hr/>
End of year	\$ -	\$ 804	\$ -	\$ 804
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WILMOT UNION HIGH SCHOOL DISTRICT

Special Revenue Funds
 Package and Cooperative Fund - Detail Schedule of Expenditures
 June 30, 2001

WESSAS Code	Function	Salaries	Employee Benefits	Purchased Services	Noncapital Objects	Capital Objects	Other	Total CESA Package	Total 66:30 Cooperative	Total Package & Cooperative Fund
221200	Curriculum Development	\$ -	\$ -	\$ 79,849	\$ -	\$ -	\$ -	\$ 79,849	\$ -	\$ 79,849
		\$ -	\$ -	\$ 79,849	\$ -	\$ -	\$ -	\$ 79,849	\$ -	\$ 79,849

WILMOT UNION HIGH SCHOOL DISTRICT

Trust and Agency Funds
Combining Balance Sheet
June 30, 2001

<u>ASSETS</u>	<u>Expendable Trust Fund Scholarships</u>	<u>Agency Funds</u>	<u>Totals</u>
Cash and investments	\$ 15,303	\$ 43,059	\$ 58,362
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 15,303</u>	<u>\$ 43,059</u>	<u>\$ 58,362</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Due to other funds	\$ 100	\$ -	\$ 100
Due to student organizations	<u>-</u>	<u>43,059</u>	<u>43,059</u>
Total liabilities	100	43,059	43,159
<u>Fund balances</u>			
Reserved	<u>15,203</u>	<u>-</u>	<u>15,203</u>
Total liabilities and fund balances	<u>\$ 15,303</u>	<u>\$ 43,059</u>	<u>\$ 58,362</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Expendable Trust Fund
June 30, 2001

	<u>Scholarships</u>
<u>Revenues</u>	
Contributions	\$ 10,065
Interest	221
	<u>10,286</u>
 <u>Expenditures</u>	
Scholarships	<u>300</u>
 Excess of revenues over expenditures	9,986
 Fund balance	
Beginning of year	<u>5,217</u>
End of year	<u><u>\$ 15,203</u></u>

WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
June 30, 2001

<u>ASSETS</u>	Balance July 1, 2000	Receipts	Disburse- ments	Balance June 30, 2001
Cash	\$ 35,336	\$ 239,007	\$ 239,291	\$ 35,052
Investments	<u>14,685</u>	<u>7,422</u>	<u>14,100</u>	<u>8,007</u>
Total assets	<u>\$ 50,021</u>	<u>\$ 246,429</u>	<u>\$ 253,391</u>	<u>\$ 43,059</u>
 <u>LIABILITIES</u>				
Due to student organizations Wilmot Union High School	<u>\$ 50,021</u>	<u>\$ 246,429</u>	<u>\$ 253,391</u>	<u>\$ 43,059</u>
Total liabilities	<u>\$ 50,021</u>	<u>\$ 246,429</u>	<u>\$ 253,391</u>	<u>\$ 43,059</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
June 30, 2001

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Accrued Receivable 7/1/00	Revenues		Expenditures	Accrued Receivable 6/30/01
			Grantor Reimbursements	Local Share		
<u>U.S. Department of Education</u>						
Wisconsin Department of Public Instruction						
IASA Title 1 Basic Grant (Chapter 1) July 1, 2000 to June 30, 2001	84.010	\$ -	\$ 34,070	\$ -	\$ 39,046	\$ 4,976
IASA Title II (Eisenhower Math/Science) July 1, 1999 to June 30, 2000	84.281	4,227	4,227	-	-	-
July 1, 2000 to June 30, 2001		-	3,461	-	3,461	-
IASA Title IV (Drug Free Schools and Communities) July 1, 1999 to June 30, 2000	84.186	3,369	3,369	-	-	-
July 1, 2000 to June 30, 2001		-	-	-	3,700	3,700
IASA Title VI (Innovative Education Program Strategies) July 1, 1999 to June 30, 2000	84.151	296	296	-	-	-
July 1, 2000 to June 30, 2001		-	-	-	4,803	4,803
IASA Title VI (Class Size Reduction) July 1, 2000 to June 30, 2001	84.340	-	10,139	-	10,139	-
School to Work Grant (Kenosha Area Business Alliance) July 1, 2000 to June 30, 2001	TRAN-27-00	-	3,989	-	3,989	-
Carl Perkins Consortium (CESA #2) July 1, 2000 to June 30, 2001	84.048	-	11,179	-	11,179	-
Goals 2000 State and Local Education Systematic Improvement Grants (CESA #2) July 1, 2000 to June 30, 2001	84.276	-	5,110	-	5,110	-
Total U.S. Department of Education		<u>7,892</u>	<u>75,840</u>	<u>-</u>	<u>81,427</u>	<u>13,479</u>
<u>U.S. Department of Agriculture</u>						
Wisconsin Department of Public Instruction						
Donated Commodities July 1, 2000 to June 30, 2001	10.550	-	14,500	-	14,500	-
Food Service Aid - Lunch July 1, 2000 to June 30, 2001	10.555	-	40,580	250,538	291,118	-
Total U.S. Department of Agriculture		<u>-</u>	<u>55,080</u>	<u>250,538</u>	<u>305,618</u>	<u>-</u>
Total Federal Assistance		<u>\$ 7,892</u>	<u>\$ 130,920</u>	<u>\$ 250,538</u>	<u>\$ 387,045</u>	<u>\$ 13,479</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Schedule of State Financial Assistance
June 30, 2001

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/00	Revenues		Accrued Receivable 6/30/01
			State Reimburse- ments	Expendi- tures	
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION					
<u>Entitlement Programs</u>					
<u>Major state programs</u>					
Special education and school age parents: Participant in Package Program at CESA #2	255.101	\$ -	\$ 200,349	\$ 200,349	\$ -
		-	33,946	33,946	-
Total special education aid		-	234,295	234,295	-
Total major programs		-	234,295	234,295	-
<u>Nonmajor state programs</u>					
Common School Fund	255.103	-	26,265	26,265	-
Drivers Education	255.104	-	14,500	14,500	-
General equalization	255.201	63,420	3,881,490	3,895,217	77,147
Pupil transportation	255.107	-	35,878	35,878	-
State Lunch	255.102	-	4,005	4,005	-
Total nonmajor programs		63,420	3,962,138	3,975,865	77,147
WISCONSIN DEPARTMENT OF REVENUE					
Exempt Computer Aid	N/A	-	4,474	4,474	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Chapter 70.114 Aid	N/A	-	777	777	-
WISCONSIN DEPARTMENT OF ADMINISTRATION					
Educational and Technology Block Grant	275.110	-	33,162	33,162	-
Total State Assistance		\$ 63,420	\$ 4,234,846	\$ 4,248,573	\$ 77,147

WILMOT UNION HIGH SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance June 30, 2001

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

2000-2001 eligible costs under the State Special Education Program are \$767,588.

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, 2001, and have issued our report thereon dated August 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

To the Board of Education
Wilmot Union High School

Reportable conditions are described in the accompanying Summary of Audit Results as item 01-1.

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.

Jehenech & Associates S.C.

Certified Public Accountants

Brookfield, Wisconsin
August 20, 2001

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* (WDPI), issued by the Wisconsin Department of Public Instruction, that are applicable to its state programs for the year ended June 30, 2001. 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 auditing standards generally accepted in the United States of America; 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.

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To the Board of Education
Wilmot Union High School District

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, 2001.

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 01-1.

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

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.

Schenck & Associates S.C.

Certified Public Accountants

Brookfield, Wisconsin
August 20, 2001

WILMOT UNION HIGH SCHOOL DISTRICT

Summary of Audit Results
June 30, 2001

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

01-1 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.