

**WILMOT UNION HIGH SCHOOL DISTRICT
WILMOT, WISCONSIN**

ANNUAL FINANCIAL REPORT

JUNE 30, 2005

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2005

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Education Fund	16
Statement of Net Assets - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Net Assets - Fiduciary Funds	20
Statement of Changes in Net Assets - Fiduciary Funds	21
Notes to Basic Financial Statements	22 - 33
SUPPLEMENTAL INFORMATION	
Schedule of Changes in Assets and Liabilities - Pupil Activity Funds	34

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2005

Table of Contents

	<u>Page No.</u>
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	35
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	
Report on Compliance with Requirements Applicable to Each Major Federal and State Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Guidelines	36 - 37
Schedule of Expenditures of Federal Awards	38
Schedule of State Financial Assistance	39
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	40
Schedule of Findings and Questioned Costs	41



**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District ("the District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the special education special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2005 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental information, and the accompanying schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Public Instruction, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants
Milwaukee, Wisconsin
September 7, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Management's Discussion and Analysis June 30, 2005

As management of the Wilmot Union High School District we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. The Wilmot Union High School District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* as of July 1, 2003. Efforts have been made to provide comparison to prior year data when such data is available. In subsequent years comparison to prior year data will be provided for all key financial information.

Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2005 by \$6,791,851 (*net assets*).
- The District's total net assets decreased by \$293,491. The primary factor contributing to the overall decrease is as follows:
 - Unallocated Depreciation of buildings and capital equipment totaling \$466,051
- The property tax rate rose 33.92% per \$1,000 of property value for the year ended June 30, 2005. The primary factor contributing to the overall increase is an increase in building project debt due to a referendum approved building project. The 2004 tax levy included the first installment of debt towards this building project.
- As of June 30, 2005, the District's governmental funds (excluding the debt service fund and capital projects fund) reported combined ending fund balances of \$3,367,738, an increase of \$207,055 in comparison with the prior year. Approximately 99% of this total amount, \$3,350,806 is *available for spending* at the District's discretion (*unreserved fund balance*). The balance of \$16,932 was committed to existing purchase orders.
- As of June 30, 2005, unreserved fund balance for the general fund was \$3,367,738, or approximately 31% of total general fund expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.)

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include the District's basic services, such as regular and special education and various support services. The business-type activities of the District include the District Food Service Program.

The district-wide financial statements can be found on pages 10-12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, special education fund, debt service fund, capital projects fund, and cooperative program fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund and for each individual, major special revenue fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary funds. The District maintains a single type of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The District uses enterprise funds to account for its Food Service Fund.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service fund which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22-35 of this report.

District-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$6,791,851 at the close of June 30, 2005.

Wilmot Union High School District's Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2005	2005	2005
Current and other assets	\$ 40,696,079	\$ 454	40,696,533
Capital assets	11,291,365	47,714	11,339,079
Total assets	51,998,921	48,168	52,047,089
Long-term liabilities outstanding	43,783,891	0	43,783,891
Other liabilities	1,473,335	761	1,474,096
Total liabilities	45,257,226	761	45,257,987
Net assets:			
Invested in capital assets, net of related debt	11,291,365	47,714	11,339,079
Restricted	1,434,569	(307)	1,434,262
Unrestricted	(2,768,157)	0	(2,768,157)
Total net assets	\$ 6,741,695	\$ 47,407	\$ 6,789,102

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Wilmot Union High School District's Change in Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2005	2005	2005
Revenues:			
Program revenues:			
Charges for services	0	290,768	290,768
Operating grants and contributions	0	0	0
Capital grants and contributions	0	0	0
General revenues:			
Property taxes	8,293,377	0	8,293,377
Other taxes	0	0	0
Grants and contributions not restricted to specific programs	5,002,687	0	5,002,687
Other	1,015,634	75,715	1,091,349
Total revenues	14,311,698	366,483	14,678,181
Expenses:			
Instruction	6,908,306	0	6,908,306
Pupil and instructional services	1,213,663	0	1,213,663
Administration and business services	1,044,974	0	1,044,974
Maintenance and operations	646,515	0	646,515
Transportation	411,657	0	411,657
Community service	0	0	0
Interest on long-term debt	373,548	0	373,548
Food Service Program	0	372,597	372,597
Other	4,003,161	0	4,003,164
Total expenses	14,601,824	372,597	14,974,421
Increase in net assets before transfers			
Transfers	0	0	0
Increase in net assets	(290,126)	(6,114)	(296,240)
Net assets - July 1, 2004	7,031,821	53,521	7,085,342
Net assets - June 30, 2005	6,741,695	47,407	6,789,102

- General revenues increased by approximately \$715,000 during the year. Most of this increase came from the following areas: \$1,020,079 from property taxes coupled with a \$330,368 drop in General State Aid, \$28,150 in investment income, and \$24,860 in open enrollment tuition.
- General expenditures increased by approximately \$825,000 during the year. Most of this increase was directed towards: \$446,000 to general instruction, and \$339,000 to support services.
- Property taxes increased by \$2,857,665 (52.87%) during the year. Most of this increase was directed toward the following principal areas: \$2,046,996 for debt service and 1,020,079 for general operations.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

As of June 30, 2005, the District's governmental funds reported combined ending fund balances of \$39,437,725. Approximately 0% of this amount (\$0) constitutes *unreserved fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for current year purchases of inventory and prepayments that benefit periods beyond the end of the current year (\$16,932), and 2) for a variety of other restricted purposes (\$39,420,793).

The general fund is the main operating fund of the District. At the end of the current year, unreserved fund balance of the general fund was \$0, while total fund balance reached \$3,367,738. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 0% of total general fund expenditures, while total fund balance represents 31% of that same amount.

The fund balance of the District's general fund increased \$207,055 during the current year. Key factors in this growth are as follows:

- Actual revenues exceed budgeted revenues by \$101,703
- Actual expenses were less than budgeted expenses by \$84,176
- Actual transfers out were less than budgeted by \$21,176

The Debt Service Fund has a total fund balance of \$1,417,637. Of this fund balance, \$0 is unreserved and \$1,417,637 is reserved for retirement of long-term debt.

The Capital Projects Fund has a total fund balance of \$34,652,350. The entire fund balance is reserved for the construction of assets.

Proprietary funds. The District's proprietary funds provide the same type of information found in the District's district-wide financial statements, but in more detail.

Unrestricted net assets of the Food Service Fund at the end of the year amounted to \$50,157.

Other factors concerning the finances of this fund has already been addressed in the discussion of the District's business-type activities.

General Fund Budgetary Highlights

Generally the original budget is rarely modified. The District did not modify its original budget for 2004/2005.

During the year, actual revenues exceeded budgeted revenues by \$101,703 primarily in taxes, intermediate sources, and federal sources. Actual expenditures were less than budgeted expenditures by \$84,176 primarily in instructional staff services, general administration, operations and maintenance of plant, repairs, and other support services.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2005 amounts to \$11,291,365 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, and vehicles. The total increase in the District's investment in capital assets for the current year was \$3,937,192 or 54% over last year.

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Major capital assets acquired or constructed during the year include:

- 2005 GMC Savana Passenger Van - \$20,872
- Building Construction / Construction in Progress - \$3,229,191
- Land acquisition - \$700,000

Wilmot Union High School District's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,398,812	\$ 688,812	\$ -	\$ -	1,398,812	\$ 688,812
Land improvements	16,382	17,802	-	-	16,382	17,802
Buildings	9,388,237	6,159,046	-	-	9,388,237	6,159,046
Machinery and equipment	451,524	469,078	47,714	53,521		522,599
Vehicles	36,411	19,435	-	-	36,411	19,435
Total	\$ 11,291,366	\$ 7,354,173	\$ 47,714	\$ 53,521	\$ 10,839,842	\$ 7,407,694

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$39,900,000.

Wilmot Union High School District's Outstanding Debt General Obligation Debt, Leases, and Early Retirement Payable						
	Governmental activities		Business-type activities		Total	
	2005	2004	2005	2004	2005	2004
General obligation debt:						
Bonds		\$ 39,900,000	\$ -	\$ -		\$39,900,000
Total general obligation debt	41,855,000	39,900,000	-	-	41,855,000	39,900,000
Bond anticipation note	-	39,900,000	-	-	-	39,900,000
Leases	-	25,815	-	-	-	25,815
Early retirement incentive payable	791,730	586,131	-	-	791,730	586,131
Total	\$42,646,730	\$ 80,411,946	\$ -	\$ -	\$42,646,730	\$ 80,411,946

The District's total debt decreased by \$37,765,216 during the current fiscal year. The key factor in this decrease was the payoff of \$39,900,000 in bond anticipation notes.

The District maintains an A1 rating from Moody's Investors Service for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue to 5% of its total equalized valuation. The current debt limitation for the District is \$87,943,912, which is significantly in excess of the District's \$41,855,000 in outstanding general obligation debt.

WILMOT UNION HIGH SCHOOL DISTRICT

P.O. BOX 8
11112 308TH AVENUE
WILMOT, WISCONSIN 53192-0008

Economic Factors and Next Year's Budgets and Rates

- Inflationary trends in our region compare favorably to national indices.
- Enrollment trends continue to add students to our enrollment count. Enrollment is currently increasing at the average annual rate of 2.75% over the past nine years.
- During the current year, unreserved fund balance in the general fund increased to \$3,367,738. The District has appropriated \$0 of this amount for spending in the 2005-2006 fiscal year budget.
- The labor contract between the Wilmot Union High School District and the Wilmot Teachers Association expired on June 30, 2005.

All of these factors were considered in preparing the District's budget for the 2005-2006 fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David J. Betz, Business Manager, Wilmot Union High School District, 11112 308th Avenue, Wilmot, WI 53192 (262) 862-9005.

BASIC FINANCIAL STATEMENTS

Wilmot Union High School

Statement of Net Assets
June 30, 2005

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and investments	\$ 37,875,135	\$ (581)	\$ 37,874,554
Receivables:			
Taxes	2,661,500	-	2,661,500
Accounts	13,521	-	13,521
Due from other governments:			
Federal	23,215	1,035	24,250
State	81,240	-	81,240
Other	31,979	-	31,979
Inventories and prepaid items	9,489	-	9,489
Capital assets			
Land	1,398,812	-	1,398,812
Land improvements	95,460	-	95,460
Buildings	16,280,698	-	16,280,698
Machinery and equipment	1,593,003	114,597	1,707,600
Vehicles	41,603	-	41,603
Less: accumulated depreciation	(8,118,211)	(66,883)	(8,185,094)
TOTAL ASSETS	51,998,921	48,168	52,047,089
LIABILITIES			
Short-term notes payable	1,185,000	-	1,185,000
Accounts payable	36,235	761	36,996
Accrued payroll liabilities	19,544	-	19,544
Accrued interest payable	224,324	-	224,324
Due to other governments	8,232	-	8,232
Bond premiums, net	1,137,162	-	1,137,162
Long-term obligations			
Current portion of long-term obligations	215,000	-	215,000
Noncurrent portion of long-term obligations	42,431,729	-	42,431,729
TOTAL LIABILITIES	45,257,226	761	45,257,987
NET ASSETS			
Invested in capital assets, net of related debt	11,291,365	47,714	11,339,079
Restricted for:			
Encumbrances	16,932	(307)	16,625
Debt service	1,417,637	-	1,417,637
Unrestricted (deficit)	(2,768,157)	-	(2,768,157)
TOTAL NET ASSETS	\$ 6,741,695	\$ 47,407	\$ 6,789,102

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Activities
Year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction						
Regular instruction	\$ 3,879,061	\$ 68,040	\$ 62,537	\$ (3,748,484)	\$ -	\$ (3,748,484)
Vocational instruction	1,034,641	11,535	42,514	(980,592)	-	(980,592)
Special education instruction	1,036,378	-	364,011	(672,367)	-	(672,367)
Other instruction	958,226	46,909	-	(911,317)	-	(911,317)
Total Instruction	6,908,306	126,484	469,062	(6,312,760)	-	(6,312,760)
Support Services						
Student services	880,983	-	36,991	(843,992)	-	(843,992)
Instructional staff services	332,679	-	43,556	(289,123)	-	(289,123)
General administration services	326,621	-	-	(326,621)	-	(326,621)
School administration services	500,308	-	-	(500,308)	-	(500,308)
Business services	218,045	-	-	(218,045)	-	(218,045)
Operation and maintenance of plant	391,659	-	-	(391,659)	-	(391,659)
Site repairs	53,840	-	-	(53,840)	-	(53,840)
Acquisition and remodeling	201,016	-	-	(201,016)	-	(201,016)
Student transportation	411,657	-	35,629	(376,028)	-	(376,028)
Central services	140,461	-	-	(140,461)	-	(140,461)
Insurance	80,403	-	-	(80,403)	-	(80,403)
Other support services	51,999	-	-	(51,999)	-	(51,999)
Interest on debt	373,548	-	-	(373,548)	-	(373,548)
Debt refinancing	2,732,700	-	-	(2,732,700)	-	(2,732,700)
Depreciation - unallocated	466,051	-	-	(466,051)	-	(466,051)
Total Support Services	7,161,970	-	116,176	(7,045,794)	-	(7,045,794)
Non-program						
General tuition payments	380,327	-	-	(380,327)	-	(380,327)
Special education instruction	149,199	-	-	(149,199)	-	(149,199)
Other nonprogram	2,022	-	-	(2,022)	-	(2,022)
Total Non-program	531,548	-	-	(531,548)	-	(531,548)
Total Governmental Activities	14,601,824	126,484	585,238	(13,890,102)	-	(13,890,102)
Business-Type Activity						
School food service program	364,667	290,768	70,535	-	(3,364)	(3,364)
General community service program	7,930	-	5,180	-	(2,750)	(2,750)
Total Business-Type Activities	372,597	290,768	75,715	-	(6,114)	(6,114)
Total School District	\$ 14,974,421	\$ 417,252	\$ 660,953	(13,890,102)	(6,114)	(13,896,216)
General revenues						
Property taxes, levied for general purposes				6,246,381	-	6,246,381
Property taxes, levied for debt service				2,046,996	-	2,046,996
State and federal aids not restricted to specific functions				4,417,449	-	4,417,449
Interest and investment earnings				597,641	-	597,641
Miscellaneous				291,509	-	291,509
Total general revenues				13,599,976	-	13,599,976
Change in net assets				(290,126)	(6,114)	(296,240)
Net assets - beginning of year				7,031,821	53,521	7,085,342
Net assets - end of year				\$ 6,741,695	\$ 47,407	\$ 6,789,102

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Balance Sheet -
Governmental Funds
June 30, 2005

	General	Special Education	Debt Service	Capital Projects	Cooperative Programs	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,816,624	\$ -	\$ 1,406,160	\$ 34,652,351	\$ -	\$ 37,875,135
Receivables:						
Taxes	2,661,500	-	-	-	-	2,661,500
Accounts	13,521	-	-	-	-	13,521
Interest	-	-	11,477	-	-	11,477
Due from other funds	20,824	319	-	-	-	21,143
Due from other governments:						
Federal	23,215	-	-	-	-	23,215
State	81,240	-	-	-	-	81,240
Other	2,923	-	-	-	29,056	31,979
Inventories and prepaid items	9,489	-	-	-	-	9,489
TOTAL ASSETS	\$ 4,629,336	\$ 319	\$ 1,417,637	\$ 34,652,351	\$ 29,056	\$ 40,728,699
LIABILITIES AND FUND BALANCES						
Liabilities						
Short-term notes payable	\$ 1,185,000	\$ -	\$ -	\$ -	\$ -	\$ 1,185,000
Accounts payable	35,916	319	-	-	-	36,235
Accrued payroll liabilities	19,544	-	-	-	-	19,544
Accrued interest payable	20,819	-	-	-	-	20,819
Due to other funds	319	-	-	-	20,824	21,143
Due to other governments	-	-	-	-	8,232	8,232
Total Liabilities	1,261,598	319	-	-	29,056	1,290,973
Fund Balances						
Reserved for						
Encumbrances	16,932	-	-	-	-	16,932
Retirement of long-term debt	-	-	1,417,637	-	-	1,417,637
Construction of assets	-	-	-	34,652,351	-	34,652,351
Unreserved						
Designated	3,350,806	-	-	-	-	3,350,806
Total Fund Balances	3,367,738	-	1,417,637	34,652,351	-	39,437,726
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,629,336	\$ 319	\$ 1,417,637	\$ 34,652,351	\$ 29,056	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,291,365
Some liabilities, including bonds, notes payable, and premiums, are not due and payable in the current period and therefore are not reported in the funds.	(43,783,891)
Accrued interest as presented in the governmental funds does not include an estimate of the interest expense incurred during the current period which relates to bonds and notes payable that were not recorded in the governmental funds.	(203,505)
Net assets of governmental activities	<u>\$ 6,741,695</u>

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended June 30, 2005

	General	Special Education	Debt Service	Capital Projects	Cooperative Program	Total Governmental Funds
Revenues						
Property taxes	\$ 6,246,381	\$ -	\$ 2,046,996	\$ -	\$ -	\$ 8,293,377
Other local sources	185,654	-	19,893	533,927	-	739,474
Interdistrict sources	60,454	46,432	-	-	64,515	171,401
Intermediate sources	48,928	41,056	-	-	-	89,984
State sources	4,579,698	322,955	-	-	27,142	4,929,795
Federal sources	62,537	355	-	-	10,000	72,892
Other sources	18,168	-	-	-	-	18,168
Total Revenues	11,201,820	410,798	2,066,889	533,927	101,657	14,315,091
Expenditures						
Instruction						
Regular instruction	3,792,268	-	-	10,843	-	3,803,111
Vocational instruction	1,014,326	-	-	-	-	1,014,326
Special education instruction	-	1,016,029	-	-	-	1,016,029
Other instruction	939,412	-	-	-	-	939,412
Total Instruction	5,746,006	1,016,029	-	10,843	-	6,772,878
Support Services						
Student services	764,337	99,348	-	-	-	863,685
Instructional staff services	315,304	5,327	-	-	133,141	453,772
General administration services	320,208	-	-	-	-	320,208
School administration services	490,485	-	-	-	-	490,485
Business services	218,045	-	-	-	-	218,045
Operation and maintenance of plant	916,313	-	-	3,736,415	-	4,652,728
Repairs	53,840	-	-	-	-	53,840
Acquisition and remodeling	201,016	-	-	-	-	201,016
Student transportation	377,976	25,598	-	-	-	403,574
Central services	137,703	-	-	-	-	137,703
Insurance	80,403	-	-	-	-	80,403
Other support services	50,980	-	-	-	-	50,980
Principal	-	-	76,087,699	-	-	76,087,699
Interest	23,913	-	1,044,561	-	-	1,068,474
Total Support Services	3,950,523	130,273	77,132,260	3,736,415	133,141	85,082,612
Non-program						
General tuition payments	380,327	-	-	-	-	380,327
Special education tuition	-	149,199	-	-	-	149,199
Other non-program transactions	2,022	-	-	-	-	2,022
Total non-program	382,349	149,199	-	-	-	531,548
Total Expenditures	10,078,878	1,295,501	77,132,260	3,747,258	133,141	92,387,038
Excess of revenues over (under) expenditures	1,122,942	(884,703)	(75,065,371)	(3,213,331)	(31,484)	(78,071,947)
Other Financing Sources (Uses)						
Compensation for property loss	300	-	-	-	-	300
Transfers in	-	884,703	-	-	31,484	916,187
Transfers out	(916,187)	-	-	-	-	(916,187)
Refunding debt issued	-	-	35,410,000	-	-	35,410,000
Bond premiums	-	-	59,912	-	-	59,912
Total Other Financing Sources (Uses)	(915,887)	884,703	35,469,912	-	31,484	35,470,212
Net changes in fund balances	207,055	-	(39,595,459)	(3,213,331)	-	(42,601,735)
Fund balances - beginning of year	3,160,683	-	41,013,096	37,865,682	-	82,039,461
Fund balances - end of year	\$ 3,367,738	\$ -	\$ 1,417,637	\$ 34,652,351	\$ -	\$ 39,437,726

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to Statement of Activities
Year ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$(42,601,735)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as

Capital outlay reported in governmental fund statements	\$ 4,406,936	
Depreciation expense reported in the statement of activities	<u>(466,051)</u>	
Amount by which capital outlays are less than depreciation in current period		3,940,885

In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported.

Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ -	
Loss on disposition reported on the statement of activities	<u>(3,693)</u>	
Cost of assets disposed of		(3,693)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: (205,598)

Proceeds from long-term debt are reported in the governmental funds as other financing sources, but are reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities. Proceeds from long-term debt in the current year are: (35,410,000)

In governmental funds the entire proceeds, if any, of bond issuance premiums is reported as an other financing source. In the statement of activities, only the amortized portion of the premium is recorded.

Proceeds from the bond issuance premium as reported on the governmental funds operating statement	(59,912)	
Amortized bond issuance premium reported on the statement of activities	<u>27,683</u>	
		(32,229)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in 73,380,815

Accrued interest as presented in the governmental funds does not include an estimate of the interest expense incurred during the current period which relates to bonds and notes payable that were not recorded in the governmental funds. 641,429

Change in Net Assets of Governmental Activities \$ (290,126)

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual -
General Fund
June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 6,198,549	\$ 6,198,549	\$ 6,246,381	\$ 47,832
Other local sources	184,232	184,232	185,654	1,422
Interdistrict sources	83,254	83,254	60,454	(22,800)
Intermediate sources	14,000	14,000	48,928	34,928
State sources	4,571,082	4,571,082	4,579,698	8,616
Federal sources	38,000	38,000	62,537	24,537
Other sources	11,000	11,000	18,168	7,168
Total Revenues	11,100,117	11,100,117	11,201,820	101,703
Expenditures				
Instruction				
Regular instruction	3,799,210	3,799,210	3,792,268	6,942
Vocational instruction	1,026,597	1,026,597	1,014,326	12,271
Other instruction	957,950	957,950	939,412	18,538
Total Instruction	5,783,757	5,783,757	5,746,006	37,751
Support Services				
Student services	756,958	756,958	764,337	(7,379)
Instructional staff services	334,694	334,694	315,304	19,390
General administration services	330,633	330,633	320,208	10,425
School administration services	494,321	494,321	490,485	3,836
Business services	198,696	198,696	218,045	(19,349)
Operations and maintenance of plant	934,077	934,077	916,313	17,764
Repairs	86,065	86,065	53,840	32,225
	203,508	203,508	201,016	2,492
Student transportation	360,335	360,335	377,976	(17,641)
Central services	141,978	141,978	137,703	4,275
Insurance	74,453	74,453	80,403	(5,950)
Other support services	65,541	65,541	50,980	14,561
Interest on debt	9,000	9,000	23,913	(14,913)
Total Support Services	3,990,259	3,990,259	3,950,523	39,736
Non-program				
General tuition payments	389,038	389,038	380,327	8,711
Other non-program transactions	-	-	2,022	(2,022)
Total non-program	389,038	389,038	382,349	6,689
Total Expenditures	10,163,054	10,163,054	10,078,878	84,176
Excess of Revenues Over Expenditures	937,063	937,063	1,122,942	185,879
Other Financing Uses:				
Proceeds from sale of capital assets	300	300	300	-
Transfers out	(937,363)	(937,363)	(916,187)	21,176
Total Other Financing Sources (Uses)	(937,063)	(937,063)	(915,887)	21,176
Net Change in Fund Balance	-	-	207,055	207,055
Fund balance - beginning of year	3,160,683	3,160,683	3,160,683	-
Fund balance - end of year	\$ 3,160,683	\$ 3,160,683	\$ 3,367,738	\$ 207,055

Wilmot Union High School

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual -
Special Education Fund
Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 45,731	\$ 45,731	\$ 46,432	\$ 701
Intermediate sources	35,000	35,000	41,056	6,056
State sources	312,000	312,000	322,955	10,955
Federal sources	-	-	355	355
Total Revenues	392,731	392,731	410,798	18,067
Expenditures				
Instruction				
Special education instruction	1,020,944	1,020,944	1,016,029	4,915
Total Instruction	1,020,944	1,020,944	1,016,029	4,915
Support services				
Student services	94,937	94,937	99,348	(4,411)
Instructional staff services	6,629	6,629	5,327	1,302
Student transportation services	29,000	29,000	25,598	3,402
Total Support Services	130,566	130,566	130,273	293
Non-program				
Special education tuition	145,132	145,132	149,199	(4,067)
Total non-program	145,132	145,132	149,199	(4,067)
Total Expenditures	1,296,642	1,296,642	1,295,501	1,141
Excess of Revenues Over (Under) Expenditures	(903,911)	(903,911)	(884,703)	19,208
Other Financing Sources				
Transfers in	903,911	903,911	884,703	(19,208)
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

Wilmot Union High School

Statement of Net Assets -
Nonmajor Proprietary Funds
June 30, 2005

	Food Service	General Community Service	Total
ASSETS			
Cash and investments	\$ 2,169	\$ (2,750)	\$ (581)
Due from other governments:			
Federal	1,035	-	1,035
Capital assets			
Machinery and equipment	114,597	-	114,597
Less: accumulated depreciation	66,883	-	66,883
TOTAL ASSETS	<u>50,918</u>	<u>(2,750)</u>	<u>48,168</u>
LIABILITIES			
Current Liabilities			
Accounts payable	761	-	761
NET ASSETS			
Invested in capital assets, net of related debt	47,714	-	47,714
Restricted for food service			
Food service	2,443	-	2,443
Community service	-	(2,750)	(2,750)
TOTAL NET ASSETS	<u>\$ 50,157</u>	<u>\$ (2,750)</u>	<u>\$ 47,407</u>

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Revenues, Expenses and Changes in Fund Net Assets -
Nonmajor Proprietary Funds
Year ended June 30, 2005

	Food Service	General Community Service	Total
Operating Revenues			
Food sales and user charges	\$ 290,768	\$ -	\$ 290,768
Local sources	-	5,180	5,180
State sources	4,449	-	4,449
Federal sources	66,086	-	66,086
Total Operating Revenues	<u>361,303</u>	<u>5,180</u>	<u>366,483</u>
Operating Expenses			
Purchased services	3,349	-	3,349
Supplies and materials	196,192	1,022	197,214
Salaries and related items	159,319	6,908	166,227
Depreciation	5,807	-	5,807
Total Operating Expenses	<u>364,667</u>	<u>7,930</u>	<u>372,597</u>
Operating Loss	<u>(3,364)</u>	<u>(2,750)</u>	<u>(6,114)</u>
Change in net assets	<u>(3,364)</u>	<u>(2,750)</u>	<u>(6,114)</u>
Net assets - beginning of year	53,521	-	53,521
Net assets - end of year	<u>\$ 50,157</u>	<u>\$ (2,750)</u>	<u>\$ 47,407</u>

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Cash Flows -
Nonmajor Proprietary Funds
Year Ended June 30, 2005

	Food Service	General Community Service	Total
Cash Flows from Operating Activities			
Cash received from user charges	\$ 290,768	\$ -	\$ 290,768
Cash received from other government payments	69,500	5,180	74,680
Cash received from local sources	-	-	-
Cash payments to employees	(159,319)	(6,908)	(166,227)
Cash payments to suppliers	(198,780)	(1,022)	(199,802)
Net Cash Used for Operating Activities	2,169	(2,750)	(581)
Net Increase in Cash and Cash Equivalents	2,169	(2,750)	(581)
Cash and cash equivalents - beginning of year	-	-	-
Cash and cash equivalents - end of year	<u>\$ 2,169</u>	<u>\$ (2,750)</u>	<u>\$ (581)</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (3,364)	\$ (2,750)	\$ (6,114)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	5,807	-	5,807
Changes in assets and liabilities			
Due to other funds	(5,001)	-	(5,001)
Due from other governments:			
Federal	3,966	-	3,966
Accounts payable	761	-	761
Net Cash Used for Operating Activities	\$ 2,169	\$ (2,750)	\$ (581)
Noncash Noncapital Financing Activities			
Commodities received from U.S. Department of Agriculture	\$ 12,868	\$ -	\$ 12,868

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Net Assets -
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	Agency Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49,238	\$ 78,341
Interest receivable	676	-
TOTAL ASSETS	<u>49,914</u>	<u>78,341</u>
LIABILITIES		
Current liabilities		
Due to student organizations	-	78,341
NET ASSETS		
Reserved for scholarships	<u>49,914</u>	<u>-</u>

The notes to the basic financial statements are an integral part of this statement.

Wilmot Union High School

Statement of Changes in Net Assets -
Fiduciary Funds
Year Ended June 30, 2005

	Private-Benefit Trust
ADDITIONS	
Private donations	\$ 12,113
DEDUCTIONS	
Scholarships awarded	8,854
Transfers	-
Total Deductions	<u>8,854</u>
Change in Net Assets	3,259
Net Assets - July 1	<u>46,655</u>
Net Assets - June 30	<u>\$ 49,914</u>

The notes to the basic financial statements are an integral part of this statement.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wilmot Union High School District ("the District") Wilmot, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (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:

1. Reporting Entity

The Wilmot Union High School District is organized as a common 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.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The District has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

GENERAL FUND

This is the District's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

SPECIAL EDUCATION FUND

This fund accounts for activities associated with providing educational programs for students with disabilities. Sources include financial aid received from the state and federal government and payments from other school districts. Excess expenditures of the fund are financed with a transfer from the general fund.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CAPITAL PROJECTS FUND

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports no major enterprise funds. The District uses enterprise funds to account for transactions of the Food Service fund.

Additionally, the government reports the following fund types:

The *private-benefit trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities, and enterprise funds subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined on the balance sheet. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are offset by a deferred revenue account or shown as a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and the business type activities.

d. Capital Assets

Capital assets, which include property, plant, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$500 or higher and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

	Governmental	Business-Type
	Activities	Activities
	Years	
<u>Assets</u>		
Land improvements	20 - 50	-
Buildings	20 - 50	-
Machinery and equipment	5 - 20	15
Vehicles	5	-

e. Compensated Absences

Compensated absences are recognized as an expenditure when used rather than when earned by the employee. All vacation and sick leave is accrued when incurred in the district-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

f. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

g. Long-term Obligations

In the district-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. Fund Equity

FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

DISTRICT-WIDE STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

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

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education 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 Board of Education may make alterations to the proposed budget.
- Once the Board of Education (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 2/3 vote of the entire Board of Education.
- Appropriations lapse at year end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a reserved or designated fund balance in the fund financial statements.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

- Encumbrance accounting is not formally used by the District

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2005.

2. Deficit Fund Equity

The following funds had deficit fund equity as of June 30, 2005:

Fund	Deficit Fund Equity
General Community Service	\$ 2,750

The District anticipates funding the above deficits from future revenues and tax levies.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The debt service and capital project funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; the Wisconsin local government investment pool; and the Wisconsin Investment Series Cooperative.

The carrying amount of the District's cash and investments, including the separate accounts noted above, totaled \$38,004,882 on June 30, 2005 as summarized below:

Deposits with financial institutions	\$ 1,848,390
Investments	
Wisconsin Local Government Investment Pool	112,681
Certificates of deposit and government securities	36,043,811
	<u>\$ 38,004,882</u>

Reconciliation to the basic financial statements:

Basic financial statements	\$ 37,877,303
Fiduciary funds	
Private-purpose trust fund	49,238
Agency fund	78,341
	<u>\$ 38,004,882</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the specific risks and the District's policy related to the risk.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities.

On June 30, 2005, all of the District's deposits with financial institutions were covered by the federal depository insurance, the State of Wisconsin Public Deposit Guarantee Fund or by collateral held by the District's agent in the District's name. No amounts have been collateralized.

Investments in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool at year end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2005, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

2. Restricted Assets

Restricted assets on June 30, 2005 totaled \$1,437,012 and consisted of cash and investments of \$1,437,012 held for the following purposes:

Encumbrances
Debt Service

3. Property Taxes

The aggregate District tax levy is apportioned and certified in November 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 must be paid in full or in 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.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

4. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 688,812	710,000	-	\$ 1,398,812
Total capital assets, not being depreciated	688,812	710,000	-	1,398,812
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings	12,770,104	3,510,594	-	16,280,698
Machinery and equipment	1,436,481	165,470	(8,948)	1,593,003
Vehicles	20,731	20,872	-	41,603
Subtotals	14,322,776	3,696,936	(8,948)	18,010,764
Less accumulated depreciation for:				
Land improvements	(77,658)	(1,421)	-	79,079
Buildings	(6,611,058)	(281,404)	-	6,892,462
Machinery and equipment	(967,403)	(179,330)	5,255	1,141,478
Vehicles	(1,296)	(3,896)	-	5,192
Subtotals	(7,657,415)	(466,051)	5,255	(8,118,211)
Total capital assets, being depreciated, net	6,665,361	3,230,885	(3,693)	9,892,553
Governmental activities capital assets, net	\$ 7,354,173	\$ 3,940,885	\$ (3,693)	
Less related long-term debt outstanding				-
Investment in capital assets, net of related debt				\$ 11,291,365
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 114,597	\$ -	\$ -	\$ 114,597
Less accumulated depreciation for:				
Machinery and equipment	(61,076)	(5,807)	-	(66,883)
Total capital assets, being depreciated, net	53,521	(5,807)	-	
Governmental activities capital assets, net	\$ 53,521	\$ (5,807)	\$ -	
Less related long-term debt outstanding				-
Investment in capital assets, net of related debt				\$ 47,714

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2005 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 20,824	\$ 319
Special Revenue Funds		
Special Education Fund	319	
Cooperative Program Fund		20,824
Totals	<u>\$ 21,143</u>	<u>\$ 21,143</u>

Interfund transfers for the year ended June 30, 2005 were as follows:

	Transfer to:		
	Special Education Fund	Cooperative Program Fund	TOTAL
Transfers from:			
General fund	\$ 884,703	\$ 31,485	\$ 916,187

Transfers are used to: 1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; 2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and 3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

6. Short-term Debt

The District issued a tax anticipation note in advance of property tax collections. The note is needed because payments for the year begin in July whereas the final tax collection is received from the County beginning in August. Short-term debt activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax anticipation notes	\$ 660,000	\$ 1,185,000	\$ 660,000	\$ 1,185,000

Total interest paid during the year on short-term debt totaled \$8,316.

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2005:

	Outstanding 7/1/04	Issued	Retired	Outstanding 6/30/05	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$39,900,000	\$35,410,000	\$(33,455,000)	\$41,855,000	\$ 215,000
Total General Obligation Debt	39,900,000	35,410,000	(33,455,000)	41,855,000	215,000
Bond anticipation note	39,900,000	-	(39,900,000)	-	-
Capital leases	25,815	-	(25,815)	-	-
Early retirement incentive payable	586,131	271,182	(65,585)	791,729	-
Governmental activity					
Long-term obligations	<u>\$80,411,946</u>	<u>\$35,681,182</u>	<u>\$(73,446,399)</u>	<u>\$42,646,730</u>	<u>\$ 215,000</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

Total interest paid during the year on long-term debt totaled \$1,044,561.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$39,900,000 issued 6/18/04; \$2,534,810 to \$4,884,950 due annually through 2024; interest 3.0% to 5.25% \$ 7,145,000

\$35,410,000 issued 10/15/04; \$700,000 to \$818,378 due annually through 2024; interest 2.0% to 5.0% 34,710,000

Total Outstanding General Obligation Debt \$ 41,855,000

Annual principal and interest maturities of the outstanding general obligation debt of \$41,855,000 on June 30, 2005 are detailed below:

Year Ended June 30	Principal	Interest	Total
2006	215,000	1,914,542	2,129,542
2007	225,000	1,908,754	2,133,754
2008	425,000	1,889,160	2,314,160
2009	665,000	1,739,998	2,404,998
2010	890,000	1,850,273	2,740,273
2011-2015	8,115,000	8,561,724	16,676,724
2016-2020	14,465,000	5,799,425	20,264,425
2020-2024	16,855,000	1,726,400	18,581,400
	<u>41,855,000</u>	<u>25,390,276</u>	<u>67,245,276</u>

For the governmental activities, the other long-term liabilities are generally liquidated by the general fund.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2005 was \$46,088,912 as follows:

Equalized valuation of the District	\$1,758,887,248
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	87,943,912
Total outstanding general obligation debt applicable to debt limitation	<u>41,855,000</u>
Legal Margin for New Debt	<u><u>\$46,088,912</u></u>

Early Retirement Program

In addition to the district's retirement plan mentioned below, the District offers an early retirement program for teachers who have taught in the district for ten years or more and are eligible for a WRS retirement annuity. Under the program, eligible teachers upon retirement are entitled to have medical insurance premium payments made for them until the available benefit is exhausted. At June 30, 2005, there were ten participants in the program and a liability of \$791,729 had been recorded in the District-wide statement of net assets as an estimate of future payments under the Plan.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible District employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system. 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 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for District employees covered by the System for the year ended June 30, 2005 was \$5,868,769; the employer's total payroll was \$6,064,130. The total required contribution for the year ended June 30, 2005 was \$584,357, which consisted of \$251,410 (4.2% of payroll from July 1, 2004 through December 31, 2004 and 4.4% of payroll from January 1, 2005 through June 30, 2005) and \$332,947 (5.6% of payroll from July 1, 2004 through December 31, 2004 and 5.8% of payroll from January 1, 2005 through June 30, 2005) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2005 was financed by the District. Total contributions for the years ending June 30, 2004 and 2003 were \$522,620 and \$486,109 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. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's 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 or after April 24, 1998 are immediately vested.

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

2. 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 disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

3. Contingencies

a. The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2005

b. From time to time, the District is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

4. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

SUPPLEMENTAL INFORMATION

Wilmot Union High School

Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
Year Ended June 30, 2005

	Balance 7/1/04	Additions	Deletions	Balance 6/30/05
ASSETS				
Cash	\$ 75,823	\$ 305,156	\$ 302,638	\$ 78,341
LIABILITIES				
Due to student organizations	75,823	305,156	302,638	\$ 78,341

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot Union High School District ("the District"), Wisconsin as of and for the year ended June 30, 2005, which collectively comprise the Wilmot Union High School District's basic financial statements and have issued our report thereon dated September 7, 2005. 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.

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 basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the Board of Education and management of the Wilmot Union High School District in a separate letter dated September 7, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, others within the District, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Schenck sc

Certified Public Accountants
Milwaukee, Wisconsin
September 7, 2005

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
Wilmot Union High School District
Milwaukee, 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 *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and state programs for the year ended June 30, 2005. The District's major federal programs are identified in the accompanying schedule of findings and questioned costs. The District's major state programs are identified in the accompanying schedule of state financial assistance. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Those standards, *OMB Circular A-133* and the *State Single Audit Guidelines* 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 a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal or 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 *OMB Circular A-133* and the *State Single Audit Guidelines*.

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, contracts and grants that would be material in relation to a major federal or 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Education, management, others within the District, and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Milwaukee, Wisconsin
September 7, 2005

Wilmot Union High School

Schedule of Expenditures of Federal Awards
June 30, 2005

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	Revenues			Expendi- tures	Accrued Receivable 6/30/05
			Accrued Receivable 7/1/04	Grantor Reimburse- ments	Local Share		
U.S. Department of Education							
Wisconsin Department of Public Instruction							
ESEA Title I Basic Grant (Chapter 1) July 1, 2004 to June 30, 2005	84.010	\$ 39,322	\$ -	\$ 39,322	\$ -	\$ 39,322	\$ -
ESEA Title II-A Quality Teachers and Principals July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005	84.367	- 17,331	13,643 -	13,643 -	- -	- 17,331	- 17,331
ESEA Title II-D Enhancing Education through Technology July 1, 2004 to June 30, 2005	84.318	1,971	-	-	-	1,971	1,971
ESEA Title IV-A Drug Free Schools and Communities July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005	84.186	- 1,942	3,281 -	3,281 -	- -	- 1,942	- 1,942
ESEA Title V-A Innovative Programs July 1, 2004 to June 30, 2005	84.298	1,971	-	-	-	1,971	1,971
TILT Grant July 1, 2004 to June 30, 2005		3,632	-	3,632	-	3,632	-
KABA Youth Apprenticeship July 1, 2004 to June 30, 2005		10,800	-	10,800	-	10,800	-
Federal Mentoring Grant July 1, 2004 to June 30, 2005		6,414	-	6,414	-	6,414	-
Carl Perkins 10 Grant July 1, 2004 to June 30, 2005		12,718	-	12,718	-	12,718	-
Carl Perkins Grant July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005	84.048	- 18,996	1,115 -	1,115 18,996	- -	- 18,996	- -
Total U.S. Department of Education			18,039	109,921	-	115,097	23,215
U.S. Department of Agriculture							
Wisconsin Department of Public Instruction							
Donated Commodities July 1, 2004 to June 30, 2005	10.550	12,868	-	12,868	-	12,868	-
Kohl Grant - School Breakfast Program Startup July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005		- 3,945	3,445 -	3,445 3,945	- -	- 3,945	- -
Food Service Aid - Breakfast July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005	10.553	- 8,731	288 -	288 8,494	- -	- 8,731	- 237
Food Service Aid - Lunch July 1, 2003 to June 30, 2004 July 1, 2004 to June 30, 2005	10.555	- 43,986	1,268 -	1,268 43,188	- 291,773	- 335,759	- 798
Total U.S. Department of Agriculture			5,001	73,496	291,773	361,303	1,035
Total Federal Assistance			\$ 23,040	\$ 183,417	\$ 291,773	\$ 476,400	\$ 24,250

Wilmot Union High School

Schedule of State Financial Assistance
June 30, 2005

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/04	Revenues		Expenditures	Accrued Receivable 6/30/05
			State Reimbursements			
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
<u>Entitlement Programs</u>						
<u>Major state programs</u>						
General equalization	255.201	\$ 88,038	\$ 4,505,648	\$ 4,498,850	\$ 81,240	
Special education and school age parents:	255.101	-	322,955	322,955	-	
Total major programs		88,038	5,151,558	5,144,760	81,240	
<u>Nonmajor state programs</u>						
Common School Fund	255.103	-	36,991	36,991	-	
Pupil transportation	255.107	-	35,629	35,629	-	
State Breakfast	255.344	-	1,551	1,551	-	
State Lunch	255.102	-	2,899	2,899	-	
Peer Review and Mentoring	255.301	-	20,000	20,000	-	
Total nonmajor programs		-	97,070	97,070	-	
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid	N/A	-	6,482	6,482	-	
WISCONSIN DEPARTMENT OF NATURAL RESOURCES						
Chapter 70.114 Aid	N/A	-	1,745	1,745	-	
Total State Assistance		\$ 88,038	\$ 5,256,855	\$ 5,250,057	\$ 81,240	

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2005

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Wilmot Union High School District and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

2004-2005 eligible costs under the State Special Education Program are \$1,121,743.

NOTE C - OVERSIGHT AGENCIES

The U.S. Department of Education has been designated the federal oversight agency for the District. The Wisconsin Department of Public Instruction is the state oversight agency for the District.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be a material weakness(es)?	Yes
Noncompliance material to basic financial statements noted?	No

State Awards

Internal control over financial reporting:	
• Material weakness identified?	No
• Reportable condition(s) identified that are not considered to be a material weakness(es)?	Yes
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 <i>Wisconsin Public School District Audit Manual</i> ?	No

Identification of major state program:

CFDA Number	Name of State Program of Cluster
255.101	Special Education and School Aged Parents

Section II – Financial Statement Findings

03-1 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.