

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

ANNUAL FINANCIAL REPORT

June 30, 2006

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2006

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2006

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**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, 2006, 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, 2006, 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 1, 2006 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 Administration, 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 1, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis June 30, 2006

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, 2006.

Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2006 by \$8,082,988 (*net assets*).
- The District's total net assets increased by \$1,293,886. The primary factors contributing to the overall increase are as follows:
 - Construction work in process
 - Interest earned on construction escrow account.
- The property tax rate decreased 9.59% per \$1,000 of property value for the year ended June 30, 2006. The primary factor contributing to the overall decrease is a 13.92% increase in property valuation.
- As of June 30, 2006, the District's governmental funds (excluding the debt service fund and capital projects fund) reported combined ending fund balances of \$3,730,929, an increase of \$363,191 in comparison with the prior year. Approximately 100% of this total amount, \$3,730,929 is *available for spending* at the District's discretion (*unreserved fund balance*). The balance of \$0 was committed to existing purchase orders.
- As of June 30, 2006, unreserved fund balance for the general fund was \$3,730,929, or approximately 33% 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.)

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.

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 22-34 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 \$8,082,988 at the close of June 30, 2006.

Wilmot Union High School District's Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2006	2006	2006
Current and other assets	\$ 18,635,007	\$ 48,696	\$ 18,684,634
Capital assets	33,639,541	41,907	33,681,448
Total assets	52,275,541	90,603	52,366,082
Long-term liabilities outstanding	42,416,507	-	42,416,507
Other liabilities	1,819,584	47,003	1,866,587
Total liabilities	44,263,091	47,003	44,283,094
Net assets:			
Invested in capital assets, net of related debt	(8,000,459)	41,907	(7,958,552)
Restricted	1,800,024	1,693	1,801,717
Unrestricted	14,239,823	0	14,239,823
Total net assets	\$ 8,039,388	\$ 43,600	\$ 8,082,988

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's Change in Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2006	2006	2006
Revenues:			
Program revenues:			
Charges for services	\$ 107,153	352,418	\$ 459,571
Operating grants and contributions	571,229	68,042	565,876
General revenues:			
Property taxes	8,545,784	-	8,545,784
Grants and contributions not restricted to specific programs	5,575,820	-	5,575,820
Other	909,357	-	909,357
Total revenues	15,709,343	420,460	16,129,803
Expenses:			
Instruction	6,949,059	-	6,949,059
Pupil and instructional services	1,253,543	-	1,253,543
Administration and business services	986,693	-	986,693
Maintenance and operations	1,047,476	-	1,047,476
Transportation	391,263	-	391,263
Community service	-	7,342	7,342
Interest on long-term debt	417,802	-	417,802
Food Service Program	-	423,118	423,118
Other	3,359,621	-	3,359,621
Total expenses	14,405,457	430,460	14,835,917
Increase in net assets before transfers			
Transfers	(6,193)	6,193	-
Increase in net assets	1,297,693	(3,807)	1,293,886
Net assets - July 1, 2005	6,741,695	47,407	6,789,102
Net assets - June 30, 2006	8,039,388	43,600	8,082,988

- General revenues increased by approximately \$435,000 during the year. Most of this increase came from the following areas: \$575,493 from General State Aid coupled with a \$200,091 decrease in property taxes, \$40,000 in investment income, and \$24,860 in open enrollment tuition.
- General expenditures increased by approximately \$238,000 during the year. Most of this increase was directed towards: \$126,000 to general tuition (open enrollment), and \$113,000 to special education.
- Property taxes increased by \$247,000 (5.00%) during the year. Most of this increase was directed toward the following principal area: debt service.

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.

As of June 30, 2006, the District's governmental funds reported combined ending fund balances of \$18,559,605. 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, and 2) for a variety of other restricted purposes.

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 \$3,730,929. 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 33% of that same amount.

The fund balance of the District's general fund increased \$363,191 during the current year. Key factors in this growth are as follows:

- Actual revenues exceed budgeted revenues by \$71,320
- Actual expenses were less than budgeted expenses by \$256,124
- Actual transfers out were less than budgeted by \$35,747
- The 2005-2007 teacher contract remained unsettled as of June 30, 2006. Unpaid retroactive salary payments for the 2005-2006 school year resulted in overall expenditures being significantly less than budgeted.

The Debt Service Fund has a total fund balance of \$1,800,024. Of this fund balance, \$0 is unreserved and \$1,800,024 is reserved for retirement of long-term debt.

The Capital Projects Fund has a total fund balance of \$13,028,652. 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 \$43,600.

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 2005/2006.

During the year, actual revenues exceeded budgeted revenues by \$71,320 primarily in taxes, intermediate sources, and federal sources. Actual expenditures were less than budgeted expenditures by \$256,124 primarily in general administration, school administration services, operations and maintenance of plant, repairs, interest on debt, 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, 2006 amounts to \$33,639,541 (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 \$22,348,176 or 198% over last year.

Major capital assets acquired or constructed during the year include:

- Building Construction / Construction in Progress - \$22,711,210

Wilmot Union High School District's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$1,398,812	\$1,398,812	\$ -	\$ -	\$1,398,812	\$1,398,812
Land improvements	15,071	16,382	-	-	15,071	16,382
Buildings	9,062,622	9,388,237	-	-	9,062,622	9,388,237
Machinery and equipment	420,615	451,524	41,906	47,714	462,521	499,238
Vehicles	31,211	36,411	-	-	31,211	36,411
Construction in process	22,711,210	-	-	-	22,711,210	-
Total	\$33,639,541	\$11,291,366	\$41,906	\$47,714	\$33,681,448	\$11,339,080

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$41,640,000.

Wilmot Union High School District's Outstanding Debt General Obligation Debt, Leases, and Early Retirement Payable						
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation debt:						
Bonds						
Total general obligation debt	\$41,640,000	41,855,000	-	-	\$41,640,000	41,855,000
Bond anticipation note	-	-	-	-	-	-
Leases	-	-	-	-	-	-
Early retirement incentive payable	776,507	791,730	-	-	776,507	791,730
Total	\$42,416,507	\$42,646,730	-	-	\$42,416,507	\$42,646,730

The District's total debt decreased by \$230,223 during the current fiscal year. The key factor in this decrease was the payoff of \$215,000 in bond principal.

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 \$100,187,836, which is significantly in excess of the District's \$41,640,000 in outstanding general obligation debt.

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 2.58% over the past ten years.
- During the current year, unreserved fund balance in the general fund increased to \$3,730,929. The District has appropriated \$97,122 of this amount for spending in the 2006-2007 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 2006-2007 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 DISTRICT

Statement of Net Assets
June 30, 2006

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Current Assets			
Cash and investments	\$ 15,757,007	\$ 2,250	\$ 15,759,257
Receivables:			
Taxes	2,704,900	-	2,704,900
Accounts	14,197	-	14,197
Internal balances	(40,079)	40,079	-
Due from other governments:			
Federal	45,368	6,367	51,735
State	85,647	-	85,647
Other	58,768	-	58,768
Inventories and prepaid items	9,489	-	9,489
Other current assets	641	-	641
Total Current Assets	18,635,938	48,696	18,684,634
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	1,612,799	114,597	1,727,396
Vehicles	41,603	-	41,603
Construction in process	22,711,210	-	22,711,210
Less: accumulated depreciation	(8,501,041)	(72,690)	(8,573,731)
Total Noncurrent Assets	33,639,541	41,907	33,681,448
TOTAL ASSETS	52,275,479	90,603	52,366,082
LIABILITIES			
Accounts payable	65,475	47,003	112,478
Accrued payroll liabilities	9,881	-	9,881
Due to other governments	977	-	977
Accrued interest payable	633,770	-	633,770
Bond premiums, net	1,109,481	-	1,109,481
	1,819,584	47,003	1,866,587
Long-term obligations:			
Due within one year	225,000	-	225,000
Due in more than one year	42,191,507	-	42,191,507
TOTAL LIABILITIES	44,236,091	47,003	44,283,094
NET ASSETS			
Invested in capital assets, net of related debt	(8,000,459)	41,907	(7,958,552)
Restricted for:			
Encumbrances	-	1,693	1,693
Debt service	1,800,024	-	1,800,024
Unrestricted deficit	14,239,823	-	14,239,823
TOTAL NET ASSETS	\$ 8,039,388	\$ 43,600	\$ 8,082,988
TOTAL LIABILITIES AND NET ASSETS	\$ 52,275,479	\$ 90,603	\$ 52,366,082

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Activities
Year ended June 30, 2006

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	\$ 3,869,961	\$ 56,337	\$ 84,822	\$ (3,728,802)	\$ -	\$ (3,728,802)
Vocational instruction	1,016,648	7,996	29,747	(978,905)	-	(978,905)
Special education instruction	1,158,615	-	383,265	(775,350)	-	(775,350)
Other instruction	903,835	42,820	-	(861,015)	-	(861,015)
Total Instruction	6,949,059	107,153	497,834	(6,344,072)	-	(6,344,072)
Support Services						
Student services	909,917	-	44,276	(865,641)	-	(865,641)
Instructional staff services	343,626	-	10,098	(333,528)	-	(333,528)
General administration services	317,745	-	-	(317,745)	-	(317,745)
School administration services	468,872	-	-	(468,872)	-	(468,872)
Business services	200,076	-	-	(200,076)	-	(200,076)
Operation and maintenance of plant	1,047,476	-	-	(1,047,476)	-	(1,047,476)
Student transportation	391,263	-	19,021	(372,242)	-	(372,242)
Central services	178,860	-	-	(178,860)	-	(178,860)
Insurance	100,080	-	-	(100,080)	-	(100,080)
Other support services	1,958,297	-	-	(1,958,297)	-	(1,958,297)
Interest on debt	417,802	-	-	(417,802)	-	(417,802)
Loss on sale of fixed assets	4,078	-	-	(4,078)	-	(4,078)
Depreciation - unallocated	486,597	-	-	(486,597)	-	(486,597)
Total Support Services	6,824,689	-	73,395	(6,751,294)	-	(6,751,294)
Non-program						
General tuition payments	630,726	-	-	(630,726)	-	(630,726)
Other nonprogram	983	-	-	(983)	-	(983)
Total Non-program	631,709	-	-	(631,709)	-	(631,709)
Total Governmental Activities	14,405,457	107,153	571,229	(13,727,075)	-	(13,727,075)
Business-Type Activity						
School food service program	423,118	352,418	56,257	-	(14,443)	(14,443)
General community service program	7,342	-	11,785	-	4,443	4,443
Total Business-Type Activities	430,460	352,418	68,042	-	(10,000)	(10,000)
Total School District	\$ 14,828,575	\$ 459,571	\$ 627,486	(13,727,075)	(10,000)	(13,737,075)
General revenues						
Property taxes, levied for general purposes				6,052,215	-	6,052,215
Property taxes, levied for debt service				2,493,569	-	2,493,569
State and federal aids not restricted to specific functions				5,575,820	-	5,575,820
Interest and investment earnings				1,190,715	-	1,190,715
Miscellaneous				(281,358)	-	(281,358)
Transfers				(6,193)	6,193	-
Total general revenues and transfers				15,024,768	6,193	15,030,961
Change in net assets				1,297,693	(3,807)	1,293,886
Net assets - beginning of year				6,741,695	47,407	6,789,102
Net assets - end of year				\$ 8,039,388	\$ 43,600	\$ 8,082,988

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

WILMOT UNION HIGH SCHOOL DISTRICT

Balance Sheet -
Governmental Funds
June 30, 2006

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,751,346	\$ -	\$ 977,009	\$ 13,028,652	\$ -	\$ 15,757,007
Receivables:						
Taxes receivable	1,881,885	-	823,015	-	-	2,704,900
Accounts	14,197	-	-	-	-	14,197
Due from other funds	57,615	6,426	-	-	-	64,041
Due from other governments:						
Federal	45,368	-	-	-	-	45,368
State	85,647	-	-	-	-	85,647
Other	-	48,670	-	-	10,098	58,768
Inventories and prepaid items	10,130	-	-	-	-	10,130
TOTAL ASSETS	\$ 3,846,188	\$ 55,096	\$ 1,800,024	\$ 13,028,652	\$ 10,098	\$ 18,740,058
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 58,873	\$ 6,426	\$ -	\$ -	\$ 176	\$ 65,475
Accrued payroll liabilities	9,882	-	-	-	-	9,882
Due to other funds	46,504	48,670	-	-	8,945	104,119
Due to other governments	-	-	-	-	977	977
Total Liabilities	115,259	55,096	-	-	10,098	180,453
Fund Balances						
Reserved for						
Encumbrances	-	-	-	208,843	-	208,843
Retirement of long-term debt	-	-	1,800,024	-	-	1,800,024
Construction of assets	-	-	-	12,819,809	-	12,819,809
Unreserved						
Designated	3,730,929	-	-	-	-	3,730,929
Total Fund Balances	3,730,929	-	1,800,024	13,028,652	-	18,559,605
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,846,188	\$ 55,096	\$ 1,800,024	\$ 13,028,652	\$ 10,098	\$ 18,740,058

Reconciliation to Statement of Net Assets

Fund balance, as shown above	18,559,605
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.	33,639,541
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(43,525,988)
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.	<u>(633,770)</u>
Net assets of governmental activities, as reported on the Statement of Net Assets (see page 10)	<u>\$ 8,039,388</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended June 30, 2006

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
Revenues						
Property taxes	\$ 6,052,215	\$ -	\$ 2,493,569	\$ -	\$ -	\$ 8,545,784
Other local sources	226,282	-	21,116	1,087,512	-	1,334,910
Interdistrict sources	35,865	48,670	-	-	68,734	153,269
Intermediate sources	29,747	50,526	-	-	-	80,273
State sources	5,148,061	323,542	-	-	-	5,471,603
Federal sources	84,922	9,197	-	-	10,098	104,217
Other sources	19,291	-	-	-	-	19,291
Total Revenues	11,596,383	431,935	2,514,685	1,087,512	78,832	15,709,347
Expenditures						
Instruction						
Regular instruction	3,874,730	-	-	-	-	3,874,730
Vocational instruction	1,017,901	-	-	-	-	1,017,901
Special education instruction	-	1,160,043	-	-	-	1,160,043
Other instruction	904,441	-	-	-	-	904,441
Total Instruction	5,797,072	1,160,043	-	-	-	6,957,115
Support Services						
Student services	806,458	104,580	-	-	-	911,038
Instructional staff services	318,813	7,186	-	-	113,895	439,894
General administration services	318,137	-	-	-	-	318,137
School administration services	469,450	-	-	-	-	469,450
Business services	200,322	-	-	22,711,211	-	22,911,533
Operation and maintenance of plant	1,048,767	-	-	-	-	1,048,767
Student transportation	366,975	24,770	-	-	-	391,745
Central services	179,080	-	-	-	-	179,080
Insurance	100,080	-	-	-	-	100,080
Other support services	75,211	-	-	-	-	75,211
Community services	-	-	-	-	-	-
Principal and interest	15,218	-	2,132,298	-	-	2,147,516
Total Support Services	3,898,511	136,536	2,132,298	22,711,211	113,895	28,992,451
Non-program						
General tuition payments	506,866	123,860	-	-	-	630,726
Other non-program transactions	983	-	-	-	-	983
Total non-program	507,849	123,860	-	-	-	631,709
Total Expenditures	10,203,432	1,420,439	2,132,298	22,711,211	113,895	36,581,275
Excess of revenues over (under) expenditures	1,392,951	(988,504)	382,387	(21,623,699)	(35,063)	(20,871,928)
Other Financing Sources (Uses)						
Net transfers in (out)	(1,029,760)	988,504	-	-	35,063	(6,193)
Total Other Financing Sources (Uses)	(1,029,760)	988,504	-	-	35,063	(6,193)
Net changes in fund balances	363,191	-	382,387	(21,623,699)	-	(20,878,121)
Fund balances - beginning of year	3,367,738	-	1,417,637	34,652,351	-	39,437,726
Fund balances - end of year	\$ 3,730,929	\$ -	\$ 1,800,024	\$ 13,028,652	\$ -	\$ 18,559,605

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances -
(Continued)
Year ended June 30, 2006

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ (20,878,121)

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 depreciation expense.

Capital outlay reported in governmental fund statements	\$ 22,838,852	
Depreciation expense reported in the statement of activities	<u>(486,597)</u>	
Amount by which the capital outlays in current period is greater than depreciation		22,352,255

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 (loss) on the disposal is reported.

Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ -	
Loss on the disposition reported on the statement of activities	<u>(4,078)</u>	
Cost of assets disposed of		(4,078)

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 decreased by:

15,222

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. The amount of amortized bond issuance premium reported on the statement of activities in the current year is:

27,680

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 the current year is:

215,000

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.

(430,265)

Change in Net Assets of Governmental Activities,
as reported in the Statement of Activities (see page 11)

\$ 1,297,693

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual -
General Fund
Year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 6,047,504	\$ 6,047,504	\$ 6,052,215	\$ 4,711
Other local sources	237,700	237,700	226,282	(11,418)
Interdistrict sources	54,760	54,760	35,865	(18,895)
Intermediate sources	14,750	14,750	29,747	14,997
State sources	5,082,203	5,082,203	5,148,061	65,858
Federal sources	77,546	77,546	84,922	7,376
Other sources	10,600	10,600	19,291	8,691
Total Revenues	11,525,063	11,525,063	11,596,383	71,320
Expenditures				
Instruction				
Regular instruction	3,880,497	3,880,497	3,874,730	5,767
Vocational instruction	1,087,552	1,087,552	1,017,901	69,651
Other instruction	938,692	938,692	904,441	34,251
Total Instruction	5,906,741	5,906,741	5,797,072	109,669
Support Services				
Student services	807,218	807,218	806,458	760
Instructional staff services	326,303	326,303	318,813	7,490
General administration services	350,949	350,949	318,137	32,812
School administration services	516,799	516,799	469,450	47,349
Business services	209,642	209,642	200,322	9,320
Operation and maintenance of plant	1,109,437	1,109,437	1,048,767	60,670
Student transportation	364,500	364,500	366,975	(2,475)
Central services	147,312	147,312	179,080	(31,768)
Insurance	92,801	92,801	100,080	(7,279)
Other support services	94,234	94,234	75,211	19,023
Interest on debt	45,000	45,000	15,218	29,782
Total Support Services	4,064,195	4,064,195	3,898,511	165,684
Non-program				
General tuition payments	488,620	488,620	506,866	(18,246)
Other non-program transactions	-	-	983	(983)
Total non-program	488,620	488,620	507,849	(19,229)
Total Expenditures	10,459,556	10,459,556	10,203,432	256,124
Excess of Revenues Over Expenditures	1,065,507	1,065,507	1,392,951	327,444
Other Financing Sources (Uses):				
Transfers out	(1,065,507)	(1,065,507)	(1,029,760)	35,747
Total Other Financing Uses	(1,065,507)	(1,065,507)	(1,029,760)	35,747
Net Change in Fund Balance	-	-	363,191	363,191
Fund balance - beginning of year	3,367,738	3,367,738	3,367,738	-
Fund balance - end of year	\$ 3,367,738	\$ 3,367,738	\$ 3,730,929	\$ 363,191

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual -
 Special Education Fund
 Year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Interdistrict sources	\$ 52,052	\$ 52,052	\$ 48,670	\$ (3,382)
Intermediate sources	43,000	43,000	50,526	7,526
State sources	309,000	309,000	323,542	14,542
Federal sources	-	-	9,197	9,197
Total Revenues	404,052	404,052	431,935	27,883
Expenditures				
Instruction				
Special education instruction	1,164,861	1,164,861	1,160,043	4,818
Support services				
Student services	105,464	105,464	104,580	884
Instructional staff services	7,289	7,289	7,186	103
Student transportation services	44,000	44,000	24,770	19,230
Total Support Services	156,753	156,753	136,536	20,217
Non-program				
General tuition payments	112,384	112,384	123,860	(11,476)
Total Expenditures	1,433,998	1,433,998	1,420,439	13,559
Excess of Revenues Under Expenditures	(1,029,946)	(1,029,946)	(988,504)	41,442
Other Financing Sources				
Transfers in	1,029,946	1,029,946	988,504	(41,442)
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Net Assets -
Nonmajor Proprietary Fund
June 30, 2006

	Food Service	General Community Service	Total
ASSETS			
Cash and investments	\$ -	\$ 2,251	\$ 2,251
Due from other funds	40,079	-	40,079
Due from other governments:			
Federal	6,366	-	6,366
Total Current Assets	<u>46,445</u>	<u>2,251</u>	<u>48,696</u>
Capital assets			
Machinery and equipment	114,597	-	114,597
Less accumulated depreciation	(72,690)	-	(72,690)
Total Noncurrent Assets	<u>41,907</u>	<u>-</u>	<u>41,907</u>
TOTAL ASSETS	<u>88,352</u>	<u>2,251</u>	<u>90,603</u>
LIABILITIES			
Current Liabilities			
Accounts payable	46,445	558	47,003
NET ASSETS			
Invested in capital assets, net of related debt	41,907	-	41,907
Restricted for food service			
Community service	-	1,693	1,693
TOTAL NET ASSETS	<u>\$ 41,907</u>	<u>\$ 1,693</u>	<u>\$ 43,600</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets -
 Nonmajor Proprietary Fund
 Year ended June 30, 2006

	Food Service	General Community Service	Total
Operating Revenues			
Food sales and user charges	\$ 352,418	\$ -	\$ 352,418
Local Sources	-	11,785	11,785
State sources	4,692	-	4,692
Federal sources	51,401	-	51,401
Other sources	164	-	164
Total Operating Revenues	<u>408,675</u>	<u>11,785</u>	<u>420,460</u>
Operating Expenses			
Purchased services	398,041	-	398,041
Salaries and related items	19,270	6,784	26,054
Supplies and materials	-	558	558
Depreciation expense	5,807	-	5,807
Total Operating Expenses	<u>423,118</u>	<u>7,342</u>	<u>430,460</u>
Operating Loss	<u>(14,443)</u>	<u>4,443</u>	<u>(10,000)</u>
Non-Operating Revenue			
Transfers out	<u>6,193</u>	<u>-</u>	<u>6,193</u>
Change in net assets	<u>(8,250)</u>	<u>4,443</u>	<u>(3,807)</u>
Net assets - beginning of year	<u>50,157</u>	<u>(2,750)</u>	<u>47,407</u>
Net assets - end of year	<u>\$ 41,907</u>	<u>\$ 1,693</u>	<u>\$ 43,600</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Cash Flows -
Nonmajor Proprietary Fund
Year ended June 30, 2006

	Food Service	General Community Service	Total
Cash Provided (Used) by Operating Activities			
Cash received from user charges	\$ 352,418	\$ -	\$ 352,418
Cash received from other government payments	(387,193)	11,785	(375,408)
Cash payments to employees	-	(6,784)	(6,784)
Cash payments to suppliers	26,413	-	26,413
Net Cash Provided (Used) by Operating Activities	<u>(8,362)</u>	<u>5,001</u>	<u>(3,361)</u>
Net Change in Cash and Cash Equivalents	(8,362)	5,001	(3,361)
Cash and cash equivalents - beginning of year	2,169	(2,750)	(581)
Cash and cash equivalents - end of year	<u>\$ (6,193)</u>	<u>\$ 2,251</u>	<u>\$ (3,942)</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (14,443)	\$ 4,443	\$ (10,000)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,807	-	5,807
Changes in assets and liabilities			
Due from other funds	(40,079)	-	(40,079)
Due from other governments:			
Federal	(5,331)	-	(5,331)
Accounts payable	45,684	558	46,242
Net Cash Provided by Operating Activities	<u>\$ (8,362)</u>	<u>\$ 5,001</u>	<u>\$ (3,361)</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

Statement of Net Assets -
Fiduciary Fund
June 30, 2006

	Private-Purpose Trust	Agency Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,635	\$ 104,770
Investments	45,500	-
TOTAL ASSETS	<u>53,135</u>	<u>104,770</u>
LIABILITIES		
Current liabilities		
Due to student organizations	-	104,770
NET ASSETS		
Reserved for scholarships	<u>\$ 53,135</u>	<u>\$ -</u>

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

WILMOT UNION HIGH SCHOOL DISTRICT

**Statement of Changes in Net Assets -
Fiduciary Funds
Year ended June 30, 2006**

	Private-Purpose Trust
ADDITIONS	
Private donations	\$ 10,160
Earnings on investments	861
Total Additions	<u>11,021</u>
DEDUCTIONS	
Scholarships awarded	<u>7,800</u>
Change in Net Assets	3,221
Net Assets - July 1	<u>49,914</u>
Net Assets - June 30	<u><u>\$ 53,135</u></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, 2006

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, 2006

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 and Community 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, 2006

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, 2006

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, 2006

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.
- Encumbrance accounting is not formally used by the District

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2006

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2006.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

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; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments, including the separate accounts noted above, totaled \$15,917,163 on June 30, 2006 as summarized below:

Deposits with financial institutions	\$ 3,668,927
Investments	
Wisconsin Local Government Investment Pool	1,533,167
Government securities	10,715,068
	\$ 15,917,162

Reconciliation to the basic financial statements:

Basic financial statements	\$ 15,759,257
Fiduciary funds	
Private-purpose trust fund	53,135
Agency fund	104,770
	\$ 15,917,162

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.

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. The District does not have an additional custodial credit policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2006

As of June 30, 2006, \$115,386 of the District's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name).

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	A-1+	AAA	AA	Not Rated
CMS Fund Balance	\$ 45,628	\$ -	\$ -	\$ -	\$ 45,628
IS Fund Balance	446,241	-	-	-	446,241
Federal Home Loan Mortgage Corporation Notes	2,689,219	-	2,689,219	-	-
Federal Home Loan Bank Notes	1,600,694	-	1,600,694	-	-
Federal National Mortgage Association Note	3,672,105	-	3,672,105	-	-
Federal National Mortgage Association Discount Note	864,720	864,720	-	-	-
Federal Home Loan Bank Discount Note	449,481	449,481	-	-	-
U.S. Treasury Note	946,980	-	-	-	946,980
Wisconsin local government investment pool	1,533,167	-	-	-	1,533,167
Totals	\$ 12,248,235	\$ 1,314,201	\$ 7,962,018	\$ -	\$ 2,972,016

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

Issuer	Reported Amount	Percent of Total Investments
Federal Home Loan Mortgage Corporation Notes	\$ 2,689,219	17%
Federal Home Loan Bank Notes	1,600,694	10%
Federal National Mortgage Association Note	3,672,105	23%
Federal National Mortgage Association Discount Note	864,720	6%
U.S. Treasury Note	946,980	6%
Wisconsin local government investment pool	1,533,167	10%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2006

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
CMS Fund Balance	\$ 45,628	\$ 45,628	\$ -	\$ -	\$ -
IS Fund Balance	446,241	446,241	-	-	-
Federal Home Loan Mortgage Corporation Notes	2,689,219	2,689,219	-	-	-
Federal Home Loan Bank Notes	1,600,694	1,600,694	-	-	-
Federal National Mortgage Association Note	3,672,105	3,672,105	-	-	-
Federal National Mortgage Association Discount Note	864,720	864,720	-	-	-
Federal Home Loan Bank Discount Note	449,481	449,481	-	-	-
U.S. Treasury Note	946,980	946,980	-	-	-
Wisconsin local government investment pool	1,533,167	1,533,167	-	-	-
Totals	\$ 12,248,235	\$ 12,248,235	\$ -	\$ -	\$ -

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$1,533,167 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, 2006, 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. 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, 2006

3. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	-	-	\$ 1,398,812
Construction in process	-	22,711,210	-	22,711,210
Total capital assets, not being depreciated	1,398,812	22,711,210	-	24,110,022
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings	16,280,698	-	-	16,280,698
Machinery and equipment	1,593,003	127,642	(107,846)	1,612,799
Vehicles	41,603	-	-	41,603
Subtotals	18,010,764	127,642	(107,846)	18,030,560
Less accumulated depreciation for:				
Land improvements	(79,079)	(1,311)	-	(80,390)
Buildings	(6,892,462)	(325,614)	-	(7,218,076)
Machinery and equipment	(1,141,478)	(154,472)	103,767	(1,192,183)
Vehicles	(5,192)	(5,200)	-	(10,392)
Subtotals	(8,118,211)	(486,597)	103,767	(8,501,041)
Total capital assets, being depreciated, net	9,892,553	(358,955)	(4,079)	9,529,519
Governmental activities capital assets, net	<u>\$ 11,291,365</u>	<u>\$ 22,352,255</u>	<u>\$ (4,079)</u>	
Less related long-term debt outstanding				<u>(41,640,000)</u>
Investment in capital assets, net of related debt				<u>\$ (8,000,459)</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 114,597	\$ -	\$ -	\$ 114,597
Less accumulated depreciation for:				
Machinery and equipment	(66,883)	(5,807)	-	(72,690)
Total capital assets, being depreciated, net	47,714	(5,807)	-	41,907
Governmental activities capital assets, net	<u>\$ 47,714</u>	<u>\$ (5,807)</u>	<u>\$ -</u>	
Less related long-term debt outstanding				<u>-</u>
Investment in capital assets, net of related debt				<u>\$ 41,907</u>

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, 2006

4. 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, 2006 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 57,615	\$ 46,504
Special Revenue Funds		
Special Education Fund	6,426	48,670
Cooperative Program Fund	-	8,945
Food Service	40,078	-
Totals	<u>\$ 104,119</u>	<u>\$ 104,119</u>

Interfund transfers for the year ended June 30, 2006 were as follows:

	Special Education Fund	Cooperative Program Fund	Food Service	TOTAL
Transfers from:				
General fund	\$ 988,504	\$ 35,063	\$ 6,193	\$ 1,029,760

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.

5. 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, 2006 was as follows:

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

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2006:

	Outstanding 7/1/05	Issued	Retired	Outstanding 6/30/06	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$41,855,000	\$ -	\$ (215,000)	\$41,640,000	\$ 225,000
Total General Obligation Debt	41,855,000	-	(215,000)	41,640,000	225,000
Early retirement incentive payable	791,729	84,804	(100,026)	776,507	-
Governmental activity					
Long-term obligations	<u>\$42,646,729</u>	<u>\$ 84,804</u>	<u>\$ (315,026)</u>	<u>\$42,416,507</u>	<u>\$ 225,000</u>

Total interest paid during the year on long-term debt totaled \$1,917,298.

WILMOT UNION HIGH SCHOOL DISTRICT
Wilmot, Wisconsin
Notes to Basic Financial Statements
June 30, 2006

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds		\$ 7,055,000
\$39,900,000 issued 6/18/04; \$2,534,810 to \$4,884,950 due annually through 2024; interest 3.0% to 5.25%		
\$35,410,000 issued 10/15/04; \$700,000 to \$818,378 due annually through 2024; interest 2.0% to 5.0%		<u>34,585,000</u>
Total Outstanding General Obligation Debt		<u>\$ 41,640,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$41,640,000 on June 30, 2006 are detailed below:

Year Ended June 30	Principal	Interest	Total
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	1,165,000	1,809,848	2,974,848
2012-2016	9,335,000	8,181,795	17,516,795
2017-2021	15,820,000	5,089,156	20,909,156
2022-2024	13,115,000	1,006,750	14,121,750
	<u>41,640,000</u>	<u>23,475,734</u>	<u>65,115,734</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, 2006 was \$58,547,836 as follows:

Equalized valuation of the District	\$2,003,756,724
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	100,187,836
Total outstanding general obligation debt applicable to debt limitation	<u>41,640,000</u>
Legal Margin for New Debt	<u>\$ 58,547,836</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, 2006, there were eight participants in the program and a liability of \$776,507 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, 2006

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 5.8% of their salary 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, 2006 was \$5,980,233; the employer's total payroll was \$6,215,247. The total required contribution for the year ended June 30, 2006 was \$617,273, which consisted of \$266,761 (4.4% of payroll from July 1, 2005 through December 31, 2005 and 4.5% of payroll from January 1, 2006 through June 30, 2006) from the employer and \$350,512 (5.8% of payroll from July 1, 2005 through December 31, 2005 and 5.9% of payroll from January 1, 2006 through June 30, 2006) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2006 was financed by the District. Total contributions for the years ending June 30, 2005 and 2004 were \$584,357 and \$522,620 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, 2006

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 DISTRICT

**Schedule of Changes in Assets and Liabilities -
Pupil Activity Funds
Year ended June 30, 2006**

	Balance 7/1/05	Additions	Deletions	Balance 6/30/06
ASSETS				
Cash	<u>\$ 78,341</u>	<u>\$ 269,184</u>	<u>\$ 242,755</u>	<u>\$ 104,770</u>
LIABILITIES				
Due to student organizations				
Due to Student Organizations	<u>\$ 78,341</u>	<u>\$ 269,184</u>	<u>\$ 242,755</u>	<u>\$ 104,770</u>

**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, 2006, which collectively comprise the Wilmot Union High School District's basic financial statements and have issued our report thereon dated September 1, 2006. 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 1, 2006.

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.


Certified Public Accountants
Milwaukee, Wisconsin
September 1, 2006



**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, 2006. 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, 2006.

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.

A handwritten signature in cursive script that reads "Schenck SC".

Certified Public Accountants
Milwaukee, Wisconsin
September 1, 2006

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Wilmot Union High School

Schedule of Expenditures of Federal Awards
June 30, 2006

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	Revenues				Accrued Receivable 6/30/06
			Accrued Receivable 7/1/05	Grantor Reimburse- ments	Local Share	Expendi- tures	
<u>U.S. Department of Education</u>							
Wisconsin Department of Public Instruction ESEA Title I Basic Grant (Chapter 1) July 1, 2005 to June 30, 2006	84.010	\$ 39,463	\$ -	\$ 34,718	\$ -	\$ 39,463	\$ 4,745
ESEA Title II-A Quality Teachers and Principals July 1, 2004 to June 30, 2005	84.367	-	17,331	17,331	-	-	-
July 1, 2005 to June 30, 2006		38,132	-	4,738	-	38,132	33,396
ESEA Title II-D Enhancing Education through Technology July 1, 2004 to June 30, 2005	84.318	-	1,971	1,971	-	-	-
July 1, 2005 to June 30, 2006		756	-	-	-	756	756
ESEA Title IV-A Drug Free Schools and Communities July 1, 2004 to June 30, 2005	84.186	-	1,942	1,942	-	-	-
July 1, 2005 to June 30, 2006		3,127	-	-	-	3,127	3,127
ESEA Title V-A Innovative Programs July 1, 2004 to June 30, 2005	84.298	-	1,971	1,971	-	-	-
July 1, 2005 to June 30, 2006		3,344	-	-	-	3,344	3,344
KABA Youth Apprenticeship July 1, 2005 to June 30, 2006		10,726	-	10,726	-	10,726	-
Carl Perkins Grant July 1, 2005 to June 30, 2006	84.048	19,021	-	19,021	-	19,021	-
Total U.S. Department of Education			23,215	92,416	-	114,569	45,368
<u>U.S. Department of Agriculture</u>							
Wisconsin Department of Public Instruction Donated Commodities July 1, 2005 to June 30, 2006	10.550	10,826	-	10,826	-	10,826	-
Food Service Aid - Breakfast July 1, 2004 to June 30, 2005	10.553	-	237	237	-	-	-
July 1, 2005 to June 30, 2006		6,462	-	5,507	-	6,462	955
Food Service Aid - Lunch July 1, 2004 to June 30, 2005	10.555	-	798	798	-	-	-
July 1, 2005 to June 30, 2006		44,939	-	39,527	354,737	399,675	5,411
Total U.S. Department of Agriculture			1,035	56,895	354,737	416,963	6,366
Total Federal Assistance			\$ 24,250	\$ 149,311	\$ 354,737	\$ 531,532	\$ 51,734

Wilmot Union High School

Schedule of State Financial Assistance
June 30, 2006

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/05	Revenues		Expenditures	Accrued Receivable 6/30/06
			State Reimbursements	State		
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
<u>Entitlement Programs</u>						
<u>Major state programs</u>						
General equalization	255.201	\$ 81,240	\$ 5,069,936	\$ 5,074,343	\$ 85,647	
Special education and school age parents:	255.101	-	323,542	323,542	-	
Total major programs		81,240	5,393,478	5,397,885	85,647	
<u>Nonmajor state programs</u>						
Common School Fund	255.103	-	44,276	44,276	-	
Pupil transportation	255.107	-	21,970	21,970	-	
State Breakfast	255.344	-	1,612	1,612	-	
State Lunch	255.102	-	3,080	3,080	-	
Peer Review and Mentoring	255.301	-	18,342	18,342	-	
Total nonmajor programs		-	89,280	89,280	-	
WISCONSIN DEPARTMENT OF REVENUE						
Exempt Computer Aid	N/A	-	6,360	6,360	-	
WISCONSIN DEPARTMENT OF NATURAL RESOURCES						
Chapter 70.114 Aid	N/A	-	1,112	1,112	-	
Total State Assistance		\$ 81,240	\$ 5,490,230	\$ 5,494,637	\$ 85,647	

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2006

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

2005-2006 eligible costs under the State Special Education Program are \$1,226,098.

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, 2006

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.