

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

ANNUAL FINANCIAL REPORT

June 30, 2007

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2007

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WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

June 30, 2007

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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, 2007, 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, 2007, 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 November 29, 2007 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 the *DPI Audit Manual, 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
November 29, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis
June 30, 2007

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, 2007.

Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2007 by \$8,676,334 (*net assets*).
- The District's total net assets increased by \$593,346. 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 3.44% per \$1,000 of property value for the year ended June 30, 2007. The primary factor contributing to the overall decrease is a 8.74% increase in property valuation.
- As of June 30, 2007, the District's governmental funds (excluding the debt service fund and capital projects fund) reported combined ending fund balances of \$3,578,008, a decrease of \$152,931 in comparison with the prior year. Approximately 100% of this total amount, \$3,535,272 is *available for spending* at the District's discretion (*unreserved fund balance*). The balance of \$42,736 was committed to existing purchase orders.
- As of June 30, 2007, unreserved fund balance for the general fund was \$3,535,272, or approximately 28% 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 22-35 of this report.

District-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$8,676,334 at the close of June 30, 2007.

Wilmot Union High School District's Net Assets			
	Governmental Activities	Business-Type Activities	Total
	2007	2007	2007
Current and other assets	8,886,216	57,017	8,943,233
Capital assets	43,562,653	169,451	43,732,104
Total assets	52,448,869	226,468	52,675,337
Long-term liabilities outstanding	42,182,022	-	42,182,022
Other liabilities	1,762,727	54,254	1,816,981
Total liabilities	43,944,749	54,254	43,999,003
Net assets:			
Invested in capital assets, net of related debt	2,035,910	169,451	2,205,361
Restricted	1,719,678	-	1,719,678
Unrestricted	4,748,532	-	4,748,532
Total net assets	8,504,120	172,214	8,676,334

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	Business-Type	Total
	Activities	Activities	
	2007	2007	2007
Revenues:			
Program revenues:			
Charges for services	154,354	389,624	543,978
Operating grants and contributions	603,161	234,558	837,719
Capital grants and contributions			
General revenues:			
Property taxes	8,970,703	-	8,970,703
Other taxes			
Grants and contributions not restricted to specific programs	5,360,076	-	5,360,076
Interest and investment earnings	557,321		557,321
Other	(289,681)	326	(289,355)
Total revenues	15,355,934	624,508	15,980,442
Expenses:			
Instruction	7,693,868	-	7,693,868
Student Services	985,305	-	985,305
Instructional staff services	229,290	-	229,290
Administration and business services	925,466	-	925,466
Maintenance and operations	808,377	-	808,377
Transportation	458,398	-	458,398
Central services	300,259	-	300,259
Insurance	84,313	-	84,313
Other support services	81,368	-	81,368
Interest on long-term debt	1,857,811	-	1,857,811
Depreciation – unallocated	810,593	-	810,593
General tuition payments	605,842	-	605,842
Food Service Program	-	511,143	511,143
Community service program	-	33,500	33,500
Other	1,563	-	1,563
Total expenses	14,842,453	544,643	15,387,096
Increase in net assets before transfers			
Transfers	(48,749)	48,749	-
Increase in net assets			
Net assets - July 1, 2006	8,039,388	43,600	8,082,988
Net assets - June 30, 2007	8,504,120	172,214	8,676,334

- General revenues increased by approximately \$720,000 during the year. Most of this increase came from the following areas: \$914,690 in property taxes coupled with a \$305,928 decrease in state aid, \$18,000 in investment income, and \$39,000 in open enrollment tuition.
- General expenditures increased by approximately \$1,236,000 during the year. Most of this increase was directed towards:
 - WTA contract settlement retro pay
 - \$394,000 to regular curriculum
 - \$53,000 to vocational curriculum
 - \$69,000 to physical curriculum
 - \$41,000 to co-curricular
 - \$74,000 to pupil services
 - \$29,000 to instructional staff services
 - \$16,000 to general administration
 - (\$103,000) to building administration (due to recoding of student supervisor salary/benefit to business administration)

- \$389,000 to business administration
 - \$60,000 for natural gas
 - \$71,000 for electricity
 - \$103,000 student supervisor recoding
 - Additional custodial staffing for larger building
- \$109,000 for central services
- \$211,000 for inter-fund transfers
 - Special Education
 - Curriculum Coordinator
- Property taxes increased by \$425,000 (5.00%) during the year. Most of this increase was directed toward the above listed expenditure increases.

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, 2007, the District's governmental funds reported combined ending fund balances of \$8,812,766. 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 \$3,578,008. 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 29% of that same amount.

The fund balance of the District's general fund decreased by \$153,000 during the current year. Key factors in this growth are as follows:

- The 2005-2007 teacher contract settled resulting in retroactive salary payments for the 2005-2006 school year.

The Debt Service Fund has a total fund balance of \$1,719,678. Of this fund balance, \$0 is unreserved and \$1,719,678 is reserved for retirement of long-term debt.

The Capital Projects Fund has a total fund balance of \$3,515,080. 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 \$172,214.

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 2006/2007.

During the year, actual revenues were less than budgeted revenues by \$40,657. Actual expenditures were more than budgeted expenditures by \$15,141.

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, 2007 amounts to \$43,706,093 (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 \$10,050,657 or 29.8% over last year.

Wilmot Union High School District's Capital Assets (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 1,398,812	\$ 1,398,812	\$ -	\$ -	\$ 1,398,812	\$ 1,398,812
Land improvements	13,759	15,071	-	-	13,759	15,071
Buildings	40,945,023	9,062,622	-	-	40,945,023	9,062,622
Machinery and equipment	1,179,048	420,615	169,451	41,906	1,348,499	462,521
Vehicles	26,011	31,211	-	-	26,011	31,211
Construction in process	-	22,711,210	-	-	-	22,711,210
Total	\$ 43,562,653	\$10,928,331	\$ 169,451	\$ 41,906	\$ 43,732,104	\$33,681,447

Long-term debt. At the end of the current fiscal year, the District had total bonded debt outstanding of \$41,526,743.

Wilmot Union High School District's Outstanding Debt General Obligation Debt, Leases, and Early Retirement Payable						
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation debt:						
Bonds	\$41,415,000	\$ 41,640,000	\$ -	\$ -	\$41,415,000	\$ 41,640,000
State Trust Fund	111,743	-	-	-	111,743	-
Total general obligation debt	41,526,743	41,640,000	-	-	41,526,743	41,640,000
Early retirement incentive payable	655,279	776,507	-	-	655,279	776,507
Total	\$42,182,022	42,416,507	-	-	\$42,182,022	42,416,507

The District's total debt decreased by \$234,485 during the current fiscal year. The key factor in this decrease was the payoff of \$225,000 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 \$108,945,281, which is significantly in excess of the District's \$41,526,743 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 2.60% over the past ten years.
- During the current year, unreserved fund balance in the general fund decreased to \$3,535,272. The District has appropriated \$66,428 of this amount for spending in the 2007-2008 fiscal year budget.

- The labor contract between the Wilmot Union High School District and the Wilmot Teachers Association expired on June 30, 2007.

All of these factors were considered in preparing the District's budget for the 2007-2008 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, 2007

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Current Assets			
Cash and investments	\$ 5,747,906	\$ 3,351	\$ 5,751,257
Receivables:			
Taxes	2,962,472	-	2,962,472
Accounts	17,635	1,260	18,895
Internal balances	(21,022)	21,022	-
Due from other governments:			
Federal	66,071	9,364	75,435
State	99,805	-	99,805
Other	4,013	22,020	26,033
Inventories and prepaid items	9,336	-	9,336
Total Current Assets	8,886,216	57,017	8,943,233
Capital assets:			
Land	1,398,812	-	1,398,812
Land improvements	95,460	-	95,460
Buildings	48,814,046	-	48,814,046
Machinery and equipment	2,445,665	252,547	2,698,212
Vehicles	41,603	-	41,603
Less: accumulated depreciation	(9,232,933)	(83,096)	(9,316,029)
Total Noncurrent Assets	43,562,653	169,451	43,732,104
TOTAL ASSETS	52,448,869	226,468	52,675,337
LIABILITIES			
Accounts payable	22,748	53,666	76,414
Accrued payroll liabilities	50,703	588	51,291
Accrued interest payable	635,158	-	635,158
Bond premiums, net	1,054,118	-	1,054,118
	1,762,727	54,254	1,816,981
Long-term obligations:			
Due within one year	459,659	-	459,659
Due in more than one year	41,722,363	-	41,722,363
TOTAL LIABILITIES	43,944,749	54,254	43,999,003
NET ASSETS			
Invested in capital assets, net of related debt	2,035,910	169,451	2,205,361
Restricted for:			
Encumbrances	-	2,763	2,763
Debt service	1,719,678	-	1,719,678
Unrestricted deficit	4,748,532	-	4,748,532
TOTAL NET ASSETS	\$ 8,504,120	\$ 172,214	\$ 8,676,334
TOTAL LIABILITIES AND NET ASSETS	\$ 52,448,869	\$ 226,468	\$ 52,675,337

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, 2007

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	\$ 4,217,324	\$ 96,752	\$ 66,071	\$ (4,054,501)	\$ -	\$ (4,054,501)
Vocational instruction	1,110,799	11,585	36,011	(1,063,203)	-	(1,063,203)
Special education instruction	1,223,046	-	414,109	(808,937)	-	(808,937)
Other instruction	1,142,699	46,017	-	(1,096,682)	-	(1,096,682)
Total Instruction	7,693,868	154,354	516,191	(7,023,323)	-	(7,023,323)
Support Services						
Student services	985,305	-	46,046	(939,259)	-	(939,259)
Instructional staff services	229,290	-	-	(229,290)	-	(229,290)
General administration services	334,708	-	-	(334,708)	-	(334,708)
School administration services	364,345	-	-	(364,345)	-	(364,345)
Business services	226,413	-	-	(226,413)	-	(226,413)
Operation and maintenance of plant	808,377	-	-	(808,377)	-	(808,377)
Student transportation	458,398	-	40,924	(417,474)	-	(417,474)
Central services	300,259	-	-	(300,259)	-	(300,259)
Insurance	84,313	-	-	(84,313)	-	(84,313)
Other support services	81,368	-	-	(81,368)	-	(81,368)
Interest on debt	1,857,811	-	-	(1,857,811)	-	(1,857,811)
Depreciation - unallocated	810,593	-	-	(810,593)	-	(810,593)
Total Support Services	6,541,180	-	86,970	(6,454,210)	-	(6,454,210)
Non-program						
General tuition payments	605,842	-	-	(605,842)	-	(605,842)
Other nonprogram	1,563	-	-	(1,563)	-	(1,563)
Total Non-program	607,405	-	-	(607,405)	-	(607,405)
Total Governmental Activities	14,842,453	154,354	603,161	(14,084,938)	-	(14,084,938)
Business-Type Activity						
School food service program	511,143	389,624	199,988	-	78,469	78,469
General community service program	33,500	-	34,570	-	1,070	1,070
Total Business-Type Activities	544,643	389,624	234,558	-	79,539	79,539
Total School District	\$ 15,387,096	\$ 543,978	\$ 803,149	(14,084,938)	79,539	(14,005,399)
General revenues						
Property taxes, levied for general purposes				6,964,856	-	6,964,856
Property taxes, levied for debt service				2,005,847	-	2,005,847
State and federal aids not restricted to specific functions				5,360,076	-	5,360,076
Interest and investment earnings				557,321	-	557,321
Miscellaneous				(289,681)	326	(289,355)
Transfers				(48,749)	48,749	-
Total general revenues and transfers				14,549,670	49,075	14,598,745
Change in net assets				464,732	128,614	593,346
Net assets - beginning of year				8,039,388	43,600	8,082,988
Net assets - end of year				\$ 8,504,120	\$ 172,214	\$ 8,676,334

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, 2007

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,229,374	\$ -	\$ 1,003,453	\$ 3,515,080	\$ -	\$ 5,747,907
Receivables:						
Taxes receivable	2,246,247	-	716,225	-	-	2,962,472
Accounts	17,635	-	-	-	-	17,635
Due from other funds	4,013	10,519	-	-	-	14,532
Due from other governments:						
Federal	66,071	-	-	-	-	66,071
State	99,805	-	-	-	-	99,805
Other	-	-	-	-	-	-
Inventories and prepaid items	9,336	-	-	-	4,013	4,013
						9,336
TOTAL ASSETS	\$ 3,672,481	\$ 10,519	\$ 1,719,678	\$ 3,515,080	\$ 4,013	\$ 8,921,771
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 22,368	\$ 380	\$ -	\$ -	\$ -	\$ 22,748
Accrued payroll liabilities	40,564	10,139	-	-	-	50,703
Due to other funds	31,541	-	-	-	-	31,541
Total Liabilities	94,473	10,519	-	-	4,013	109,005
Fund Balances						
Reserved for						
Encumbrances	42,736	-	-	67,009	-	109,745
Retirement of long-term debt	-	-	1,719,678	-	-	1,719,678
Construction of assets	-	-	-	3,448,071	-	3,448,071
Unreserved						
Designated	3,535,272	-	-	-	-	3,535,272
Total Fund Balances	3,578,008	-	1,719,678	3,515,080	-	8,812,766
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,672,481	\$ 10,519	\$ 1,719,678	\$ 3,515,080	\$ 4,013	\$ 8,921,771

Reconciliation to Statement of Net Assets

Fund balance, as shown above	8,812,766
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.	43,562,653
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(43,236,141)
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.	(635,158)
Net assets of governmental activities, as reported on the Statement of Net Assets (see page 10)	<u>\$ 8,504,120</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, 2007

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
Revenues						
Property taxes	\$ 6,964,856	\$ -	\$ 2,005,847	\$ -	\$ -	\$ 8,970,703
Other local sources	264,879	-	50,592	406,136	-	721,607
Interdistrict sources	78,481	59,404	-	-	77,586	215,471
Intermediate sources	36,011	34,681	-	-	-	70,692
State sources	4,892,838	371,866	-	-	12,981	5,277,685
Federal sources	66,071	7,562	-	-	8,758	82,391
Other sources	13,781	-	-	3,115	489	17,385
Total Revenues	12,316,917	473,513	2,056,439	409,251	99,814	15,355,934
Expenditures						
Instruction						
Regular instruction	4,257,514	-	-	2,328	-	4,259,842
Vocational instruction	1,070,493	-	-	50,997	-	1,121,490
Special education instruction	-	1,228,904	-	6,415	-	1,235,319
Co-curricular instruction	449,240	-	-	17,510	-	466,750
Other instruction	574,308	-	-	111,743	-	686,051
Total Instruction	6,351,555	1,228,904	-	188,993	-	7,769,452
Support Services						
Student services	880,801	114,443	-	-	-	995,244
Instructional staff services	347,637	59,626	-	5,425	148,833	561,521
General administration services	334,868	-	-	3,184	-	338,052
School administration services	368,020	-	-	-	-	368,020
Business services	228,696	-	-	9,822,138	-	10,050,834
Operation and maintenance of plant	1,405,819	-	-	-	-	1,405,819
Student transportation	367,872	95,150	-	-	-	463,022
Central services	288,312	-	-	14,826	-	303,138
Insurance	84,313	-	-	-	-	84,313
Other support services	82,161	-	-	-	-	82,161
Principal and interest	-	-	2,136,785	-	-	2,136,785
Total Support Services	4,388,499	269,219	2,136,785	9,845,573	148,833	16,788,909
Non-program						
General tuition payments	487,669	118,174	-	-	-	605,843
Other non-program transactions	1,563	-	-	-	-	1,563
Total non-program	489,232	118,174	-	-	-	607,406
Total Expenditures	11,229,286	1,616,297	2,136,785	10,034,566	148,833	25,165,767
Excess of revenues over (under) expenditures	1,087,631	(1,142,784)	(80,346)	(9,625,315)	(49,019)	(9,809,833)
Other Financing Sources (Uses)						
Net transfers in (out)	(1,240,552)	1,142,784	-	-	49,019	(48,749)
Debt proceeds	-	-	-	111,743	-	111,743
Total Other Financing Sources (Uses)	(1,240,552)	1,142,784	-	111,743	49,019	62,994
Net changes in fund balances	(152,921)	-	(80,346)	(9,513,572)	-	(9,746,839)
Fund balances - beginning of year	3,730,929	-	1,800,024	13,028,652	-	18,559,605
Fund balances - end of year	\$ 3,578,008	\$ -	\$ 1,719,678	\$ 3,515,080	\$ -	\$ 8,812,766

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, 2007

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ (9,746,839)

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	\$ 10,733,705	
Depreciation expense reported in the statement of activities	<u>(810,593)</u>	
Amount by which the capital outlays in current period is greater than depreciation		9,923,112

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: 121,228

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: 55,362

Proceeds from long-term debt are reported in the governmental funds as other financing sources, but are reported as an increase in long-term debt in the statement of net assets and does not affect the statement of activities. Proceeds from long-term debt in the current year are: (111,743)

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: 225,000

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. (1,388)

Change in Net Assets of Governmental Activities,
as reported in the Statement of Activities (see page 11) \$ 464,732

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 6,964,780	\$ 6,964,780	\$ 6,964,856	\$ 76
Other local sources	228,825	228,825	264,879	36,054
Interdistrict sources	101,328	101,328	78,481	(22,847)
Intermediate sources	29,750	29,750	36,011	6,261
State sources	4,845,606	4,845,606	4,892,838	47,232
Federal sources	65,542	65,542	66,071	529
Other sources	121,743	121,743	13,781	(107,962)
Total Revenues	12,357,574	12,357,574	12,316,917	(40,657)
Expenditures				
Instruction				
Regular instruction	4,144,181	4,144,181	4,257,514	(113,333)
Vocational instruction	1,072,249	1,072,249	1,070,493	1,756
Co-curricular education	464,443	464,443	449,240	15,203
Other instruction	643,361	643,361	574,308	69,053
Total Instruction	6,324,234	6,324,234	6,351,555	(27,321)
Support Services				
Student services	852,880	852,880	880,801	(27,921)
Instructional staff services	325,166	325,166	347,637	(22,471)
General administration services	355,327	355,327	334,868	20,459
School administration services	418,440	418,440	368,020	50,420
Business services	223,172	223,172	228,696	(5,524)
Operation and maintenance of plant	1,400,423	1,400,423	1,405,819	(5,396)
Student transportation	370,677	370,677	367,872	2,805
Central services	269,080	269,080	288,312	(19,232)
Insurance	89,365	89,365	84,313	5,052
Other support services	115,257	115,257	82,161	33,096
Total Support Services	4,419,787	4,419,787	4,388,499	31,288
Non-program				
General tuition payments	524,720	524,720	487,669	37,051
Other non-program transactions	-	-	1,563	(1,563)
Total non-program	524,720	524,720	489,232	35,488
Total Expenditures	11,268,741	11,268,741	11,229,286	39,455
Excess of Revenues Over Expenditures	1,088,833	1,088,833	1,087,631	(1,202)
Other Financing Sources (Uses):				
Transfers out	(1,185,955)	(1,185,955)	(1,240,552)	(54,597)
Total Other Financing Uses	(1,185,955)	(1,185,955)	(1,240,552)	(54,597)
Net Change in Fund Balance	(97,122)	(97,122)	(152,921)	(55,799)
Fund balance - beginning of year	3,730,929	3,730,929	3,730,929	-
Fund balance - end of year	\$ 3,633,807	\$ 3,633,807	\$ 3,578,008	\$ (55,799)

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, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues				
Interdistrict sources	\$ 30,884	\$ 30,884	\$ 59,404	\$ 28,520
Intermediate sources	35,000	35,000	34,681	(319)
State sources	345,000	345,000	371,866	26,866
Federal sources	9,000	9,000	7,562	(1,438)
Total Revenues	<u>419,884</u>	<u>419,884</u>	<u>473,513</u>	<u>53,629</u>
Expenditures				
Instruction				
Special education instruction	1,190,727	1,190,727	1,228,904	(38,177)
Support services				
Student services	109,139	109,139	114,443	(5,304)
Instructional staff services	59,447	59,447	59,626	(179)
Student transportation services	55,550	55,550	95,150	(39,600)
Total Support Services	<u>224,136</u>	<u>224,136</u>	<u>269,219</u>	<u>(45,083)</u>
Non-program				
General tuition payments	100,400	100,400	118,174	(17,774)
Total Expenditures	<u>1,515,263</u>	<u>1,515,263</u>	<u>1,616,297</u>	<u>(101,034)</u>
Excess of Revenues Under Expenditures	<u>(1,095,379)</u>	<u>(1,095,379)</u>	<u>(1,142,784)</u>	<u>(47,405)</u>
Other Financing Sources				
Transfers in	1,095,379	1,095,379	1,142,784	47,405
Net Change in Fund Balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2007

	Food Service	General Community Service	Total
ASSETS			
Cash and investments	\$ -	\$ 3,351	\$ 3,351
Accounts receivable	1,260	-	1,260
Due from other funds	21,022	-	21,022
Due from other governments:			
Federal	9,364	-	9,364
Due from other governments	22,020	-	22,020
Total Current Assets	<u>53,666</u>	<u>3,351</u>	<u>57,017</u>
Capital assets			
Machinery and equipment	252,547	-	252,547
Less accumulated depreciation	(83,096)	-	(83,096)
Total Noncurrent Assets	<u>169,451</u>	<u>-</u>	<u>169,451</u>
TOTAL ASSETS	<u>223,117</u>	<u>3,351</u>	<u>226,468</u>
LIABILITIES			
Current Liabilities			
Accounts payable	53,666	-	53,666
Accrued salaries and related items	-	588	588
Total Current Liabilities	<u>53,666</u>	<u>588</u>	<u>54,254</u>
NET ASSETS			
Invested in capital assets, net of related debt	169,451	-	169,451
Restricted for encumbrances			
Community service	-	2,763	2,763
TOTAL NET ASSETS	<u>\$ 169,451</u>	<u>\$ 2,763</u>	<u>\$ 172,214</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, 2007

	Food Service	General Community Service	Total
Operating Revenues			
Food sales and user charges	\$ 389,624	\$ -	\$ 389,624
Local sources	-	34,570	34,570
State sources	4,210	-	4,210
Intermediate sources	127,891	-	127,891
Federal sources	66,087	-	66,087
Other sources	1,800	-	1,800
Total Operating Revenues	<u>589,612</u>	<u>34,570</u>	<u>624,182</u>
Operating Expenses			
Purchased services	479,823	-	479,823
Salaries and related items	20,914	30,638	51,552
Supplies and materials	-	2,862	2,862
Depreciation expense	10,406	-	10,406
Total Operating Expenses	<u>511,143</u>	<u>33,500</u>	<u>544,643</u>
Operating Loss	<u>78,469</u>	<u>1,070</u>	<u>79,539</u>
Non-Operating Revenue			
Other	326	-	326
Transfers in	48,749	-	48,749
Total Non-Operating Revenues	<u>49,075</u>	<u>-</u>	<u>49,075</u>
Change in net assets	127,544	1,070	128,614
Net assets - beginning of year	<u>41,907</u>	<u>1,693</u>	<u>43,600</u>
Net assets - end of year	<u>\$ 169,451</u>	<u>\$ 2,763</u>	<u>\$ 172,214</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, 2007

	Food Service	General Community Service	Total
Cash Provided (Used) by Operating Activities			
Cash received from user charges	\$ 389,624	\$ -	\$ 389,624
Cash received from other government payments	(285,796)	34,570	(251,226)
Cash payments to employees	-	(30,050)	(30,050)
Cash payments to suppliers	(14,953)	(3,420)	(18,373)
Net Cash Provided by Operating Activities	<u>88,875</u>	<u>1,100</u>	<u>89,975</u>
Cash Provided by Noncapital Financing Activities			
Transfers in	48,749	-	48,749
Cash Flows from Capital and Related Financing Activities			
Loss on disposal of machinery and equipment	326	-	326
Purchase of capital assets	(137,950)	-	(137,950)
Net Cash Used by Capital and Related Financing Activities	<u>(137,624)</u>	<u>-</u>	<u>(137,624)</u>
Net Change in Cash and Cash Equivalents	-	1,100	1,100
Cash and cash equivalents - beginning of year	-	2,251	2,251
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 3,351</u>	<u>\$ 3,351</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 78,469	\$ 1,070	\$ 79,539
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	10,406	-	10,406
Changes in assets and liabilities			
Accounts receivable	(1,260)	-	(1,260)
Due from other funds	19,057	-	19,057
Due from other governments:			
Federal	(3,953)	-	(3,953)
Other	(21,065)	-	(21,065)
Accounts payable	7,221	(558)	6,663
Accrued salaries and related items	-	588	588
Net Cash Provided by Operating Activities	<u>\$ 88,875</u>	<u>\$ 1,100</u>	<u>\$ 89,975</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, 2007

	Private-Purpose Trust	Agency Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,833	\$ 87,098
Investments	46,660	-
TOTAL ASSETS	<u>58,493</u>	<u>87,098</u>
LIABILITIES		
Current liabilities		
Due to student organizations	-	87,098
NET ASSETS		
Reserved for scholarships	<u>\$ 58,493</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, 2007

	Private-Purpose Trust
ADDITIONS	
Private donations	\$ 9,469
Earnings on investments	1,689
Total Additions	<u>11,158</u>
DEDUCTIONS	
Scholarships awarded	<u>5,800</u>
Change in Net Assets	5,358
Net Assets - July 1	<u>53,135</u>
Net Assets - June 30	<u>\$ 58,493</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, 2007

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, 2007

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, 2007

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 one year. 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, 2007

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

	Governmental Activities	Business-Type 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, 2007

DISTRICT-WIDE AND PROPRIETARY FUND 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, 2007

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2007.

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 \$5,896,848 on June 30, 2007 as summarized below:

Deposits with financial institutions	\$ 958,494
Investments	
Wisconsin Local Government Investment Pool	1,445,423
WISC Investment Series	3,492,931
	<u>\$ 5,896,848</u>

Reconciliation to the basic financial statements:

Basic financial statements	\$ 5,751,257
Fiduciary funds	
Private-purpose trust fund	58,493
Agency fund	87,098
	<u>\$ 5,896,848</u>

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

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, 2007

As of June 30, 2007, \$540,841 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
Wisconsin local government investment pool	\$ 1,445,423	\$ -	\$ -	\$ -	\$ 1,445,423
WISC Investment Series - Money Market Account	3,492,931	-	-	-	3,492,931
Totals	\$ 4,938,354	\$ -	\$ -	\$ -	\$ 4,938,354

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
WISC Investment Series – Money Market Account	\$ 3,492,931	71%

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.

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
Wisconsin local government investment pool	\$ 1,445,423	\$ 1,445,423	\$ -	\$ -	\$ -
WISC Investment Series - Money Market Account	3,492,931	3,492,931	-	-	-
Totals	\$ 1,445,423	\$ 1,445,423	\$ -	\$ -	\$ -

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2007

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$1,445,423 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, 2007, 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.

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$3,492,931 at year end invested in the Cash Management Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipalities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

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, 2007

3. Capital Assets

Capital asset activity for the year ended June 30, 2007 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	<u>24,110,022</u>	-	<u>(22,711,210)</u>	<u>1,398,812</u>
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings	16,280,698	32,533,348	-	48,814,046
Machinery and equipment	1,612,799	911,567	(78,701)	2,445,665
Vehicles	41,603	-	-	41,603
Subtotals	<u>18,030,560</u>	<u>33,444,915</u>	<u>(78,701)</u>	<u>51,396,774</u>
Less accumulated depreciation for:				
Land improvements	(80,390)	(1,311)	-	(81,701)
Buildings	(7,218,076)	(650,947)	-	(7,869,023)
Machinery and equipment	(1,192,183)	(153,135)	78,701	(1,266,617)
Vehicles	(10,392)	(5,200)	-	(15,592)
Subtotals	<u>(8,501,041)</u>	<u>(810,593)</u>	<u>78,701</u>	<u>(9,232,933)</u>
Total capital assets, being depreciated, net	<u>9,529,519</u>	<u>32,634,324</u>	-	<u>42,163,841</u>
Governmental activities capital assets, net	<u>\$ 33,639,541</u>	<u>\$ 32,634,324</u>	<u>\$(22,711,210)</u>	
Less related long-term debt outstanding				<u>(41,526,743)</u>
Investment in capital assets, net of related debt				<u>\$ 2,035,910</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 114,597	\$137,950	\$ -	\$252,547
Less accumulated depreciation for:				
Machinery and equipment	(72,690)	(10,406)	-	(83,096)
Total capital assets, being depreciated, net	<u>41,907</u>	<u>127,544</u>	-	<u>169,451</u>
Governmental activities capital assets, net	<u>\$ 41,907</u>	<u>\$127,544</u>	<u>\$ -</u>	
Less related long-term debt outstanding				<u>-</u>
Investment in capital assets, net of related debt				<u>\$ 169,451</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, 2007

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, 2007 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 4,013	\$ 31,541
Special Revenue Funds		
Special Education Fund	10,519	-
Cooperative Program Fund		
Food Service	-	4,013
Totals	21,022	-
	<u>\$ 35,554</u>	<u>\$ 35,554</u>

Interfund transfers for the year ended June 30, 2007 were as follows:

	Special Education Fund	Cooperative Program Fund	Food Service	TOTAL
Transfers from:				
General fund	\$ 1,142,784	\$ 49,019	\$ 48,749	\$ 1,240,552

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. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2007:

	Outstanding 7/1/06	Issued	Retired	Outstanding 6/30/07	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$41,640,000	\$ -	\$ (225,000)	\$41,415,000	\$ 425,000
State Trust Fund Loan		111,743		111,743	34,659
Total General Obligation Debt	41,640,000	117,743	(225,000)	41,526,743	459,659
Early retirement incentive payable	776,507	-	(121,228)	655,279	-
Governmental activity					
Long-term obligations	\$42,416,507	\$ 111,743	\$ (346,228)	\$42,182,022	\$ 459,659

Total interest paid during the year on long-term debt totaled \$1,911,786.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds	
\$7,145,000 issued 6/18/04; \$599,863 to \$1,769,250 due annually through 2024; interest 3.0% to 5.0%	\$ 6,955,000
\$35,410,000 issued 10/15/04; \$1,730,860 to \$4,950,750 due annually through 2024; interest 2.0% to 5.0%	34,460,000
State Trust Fund Loan \$117,743 issued 12/27/06; \$41,456 due annually Through 2010; interest 5%	111,743
Total Outstanding General Obligation Debt	<u>\$41,526,743</u>

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2007

Annual principal and interest maturities of the outstanding general obligation debt of \$41,526,743 on June 30, 2007 are detailed below:

Year Ended June 30	Principal	Interest	Total
2008	459,659	1,912,519	2,372,178
2009	702,602	1,896,452	2,599,053
2010	929,482	1,869,372	2,798,853
2011	1,165,000	1,833,148	2,998,148
2012	1,380,000	1,786,548	3,166,548
2013-2017	10,610,000	7,822,180	18,432,180
2018-2022	17,215,000	4,732,250	21,938,250
2023-2024	9,065,000	689,000	9,754,000
	<u>41,526,743</u>	<u>22,532,467</u>	<u>64,059,210</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, 2007 was \$67,418,538 as follows:

Equalized valuation of the District	\$2,718,905,624
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	108,945,281
Total outstanding general obligation debt applicable to debt limitation	<u>41,526,743</u>
Legal Margin for New Debt	<u>\$ 67,418,538</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, 2007, there were eight participants in the program and a liability of \$655,279 had been recorded in the District-wide statement of net assets as an estimate of future payments under the Plan.

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 5.9% 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.

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2007

The payroll for District employees covered by the System for the year ended June 30, 2007 was \$6,343,738; the employer's total payroll was \$6,743,382. The total required contribution for the year ended June 30, 2007 was \$667,652, which consisted of \$289,420 (4.5% of payroll from July 1, 2006 through December 31, 2006 and 4.6% of payroll from January 1, 2007 through June 30, 2007) from the employer and \$378,232 (5.9% of payroll from July 1, 2006 through December 31, 2006 and 6.0% of payroll from January 1, 2007 through June 30, 2007) of covered payroll from employees. The required contribution for the year ended June 30, 2007 was financed by the District. Total contributions for the years ending June 30, 2006 and 2005 were \$617,273 and \$584,357 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.

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, 2007

	Balance 7/1/06	Additions	Deletions	Balance 6/30/07
ASSETS				
Cash	\$ 104,770	\$ 281,439	\$ 299,111	\$ 87,098
LIABILITIES				
Due to student organizations				
Due to Student Organizations	\$ 104,770	\$ 281,439	\$ 299,111	\$ 87,098

**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 basic 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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not consider the significant deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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 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
November 29, 2007

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

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

Compliance

We have audited the compliance of the Wilmot Union High School District (the "District") with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that are applicable to its designated state major aid programs for the year ended June 30, 2007. Compliance with the requirements of laws, regulations and contracts applicable to its 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; and compliance requirements as prescribed by the Wisconsin Department of Public Instruction and the *Wisconsin Public School District Audit Manual*. Those standards and compliance requirements 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 the designated state major aid programs. 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.

Compliance requirements applicable to the state designated major aid programs were identified as below:

- Cost
- Teacher and Teacher Aide Certification

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its designated state major aid programs for the year ended June 30, 2007.

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, and contracts applicable to the state designated major aid 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 the state programs in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control of compliance that we consider to be a significant deficiency.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 03-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the District's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

This report is intended solely for the information and use of management, others within the District, 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
November 29, 2007

Wilmot Union High School

Schedule of Expenditures of Federal Awards
June 30, 2007

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	Revenues			
			Accrued Receivable 7/1/06	Grantor Reimburse- ments	Expendi- tures	Accrued Receivable 6/30/07
<u>U.S. Department of Education</u>						
Wisconsin Department of Public Instruction						
ESEA Title I Basic Grant (Chapter 1)	84.010					
July 1, 2005 to June 30, 2006		\$ -	\$ 4,745	\$ 4,745	\$ -	\$ -
July 1, 2006 to June 30, 2007		39,110	-	-	39,110	39,110
ESEA Title II-A Quality Teachers and Principals	84.367					
July 1, 2005 to June 30, 2006		-	33,396	33,396	-	-
July 1, 2006 to June 30, 2007		22,644	-	-	22,644	22,644
ESEA Title II-D Enhancing Education through Technology	84.318					
July 1, 2005 to June 30, 2006		-	756	756	-	-
July 1, 2006 to June 30, 2007		411	-	-	411	411
ESEA Title IV-A Drug Free Schools and Communities	84.186					
July 1, 2005 to June 30, 2006		-	3,127	3,127	-	-
July 1, 2006 to June 30, 2007		3,208	-	-	3,208	3,208
ESEA Title V-A Innovative Programs	84.298					
July 1, 2005 to June 30, 2006		-	3,344	3,344	-	-
July 1, 2006 to June 30, 2007		698	-	-	698	698
High Cost Special Education Aid	84.027					
July 1, 2006 to June 30, 2007		7,562	-	7,562	7,562	-
ESEA Title II-A Discretionary	84.367					
July 1, 2006 to June 30, 2007		8,758	-	8,758	8,758	-
Total U.S. Department of Education			<u>45,368</u>	<u>61,688</u>	<u>82,391</u>	<u>66,071</u>
<u>U.S. Department of Agriculture</u>						
Food Service Aid - Breakfast						
July 1, 2005 to June 30, 2006	10.553		955	955	-	-
July 1, 2006 to June 30, 2007		8,599	-	8,599	8,599	-
Food Service Aid - Lunch						
July 1, 2005 to June 30, 2006	10.555		5,411	5,411	-	-
July 1, 2006 to June 30, 2007		57,488	-	48,124	57,488	9,364
Total U.S. Department of Agriculture			<u>6,366</u>	<u>63,089</u>	<u>66,087</u>	<u>9,364</u>
Total Federal Assistance			<u>\$ 51,734</u>	<u>\$ 124,777</u>	<u>\$ 148,478</u>	<u>\$ 75,435</u>

Wilmot Union High School

Schedule of State Financial Assistance
June 30, 2007

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/06	Revenues State Reimbursements	Expenditures	Accrued Receivable 6/30/07
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION					
<u>Entitlement Programs</u>					
<u>Major state programs</u>					
General equalization	255.201	\$ 85,647	\$ 4,775,206	\$ 4,768,415	\$ 78,856
Special education and school age parents:	255.101	-	358,094	358,094	-
Total major programs		85,647	5,133,300	5,126,509	78,856
<u>Nonmajor state programs</u>					
Common School Fund	255.103	-	46,046	46,046	-
Pupil transportation	255.107	-	40,924	40,924	-
High Cost Special Education Aid	255.210	-	13,772	13,772	-
State Breakfast	255.344	-	866	866	-
State Lunch	255.102	-	3,344	3,344	-
Children at risk	255.207	-	15,528	15,528	-
Mentoring Grants for Initial Educators	255.355	-	375	375	-
Special Project Grant	N/A	-	12,981	12,981	-
Total nonmajor programs		-	133,836	133,836	-
WISCONSIN DEPARTMENT OF REVENUE					
Exempt Computer Aid	N/A	-	-	6,191	6,191
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Chapter 70.114 Aid	N/A	-	14,859	14,859	-
Total State Assistance		\$ 85,647	\$ 5,281,995	\$ 5,281,395	\$ 85,047

WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
Year Ended June 30, 2007

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 the *DPI Audit Manual, 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

2006-2007 eligible costs under the State Special Education Program are \$1,247,407.

NOTE C - OVERSIGHT AGENCIES

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, 2007

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
• Significant deficiencies 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
• Significant deficiencies 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.