

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

**ANNUAL FINANCIAL REPORT**

**June 30, 2008**

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2008

Table of Contents

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE</b>	1 - 2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3 - 9
<b>BASIC FINANCIAL STATEMENTS</b>	
District-wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Education Fund	16
Statement of Net Assets - Nonmajor Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Proprietary Funds	18
Statement of Cash Flows - Nonmajor Proprietary Funds	19
Statement of Net Assets - Fiduciary Funds	20
Statement of Changes in Net Assets - Fiduciary Funds	21
Notes to Basic Financial Statements	22 - 34
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Changes in Assets and Liabilities - Pupil Activity Funds	35

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

June 30, 2008

Table of Contents

	<u>Page No.</u>
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	36 – 37
Schedule of Findings and Responses	38
<b>FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE</b>	
Independent Auditors' Report on Compliance with Requirements Applicable to State Programs and Internal Control Over Compliance	39 - 40
Schedule of Expenditures of Federal Awards	41
Schedule of State Financial Assistance	42
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	43
Summary of Audit Results	44
Schedule of Prior Year Audit Findings and Corrective Action Plan	45

**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, 2008, 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, 2008, 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 19, 2008 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 *Wisconsin Public School District Audit Manual*, 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 19, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# WILMOT UNION HIGH SCHOOL DISTRICT

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

## Management's Discussion and Analysis June 30, 2008

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, 2008.

### Financial Highlights

- The assets of the District exceeded its liabilities as of June 30, 2008 by \$7,605,239 (*net assets*).
- The District's total net assets decreased by \$1,071,095. The primary factor(s) contributing to the overall decrease are as follows:
  - Accumulated depreciation in the amount of \$1,208,226
- The property tax rate decreased 1.43% per \$1,000 of property value for the year ended June 30, 2008. The primary factor contributing to the overall decrease is a 8.43% increase in property valuation.
- As of June 30, 2008, the District's governmental funds (excluding the debt service fund and capital projects fund) reported combined ending fund balances of \$3,418,849, a decrease of \$159,159 in comparison with the prior year. Approximately 100% of this total amount, \$3,357,802 is *available for spending* at the District's discretion (*unreserved designated fund balance*). \$42,736 was committed to existing purchase orders and \$18,311 was reserved for inventory and prepaid items.
- As of June 30, 2008, unreserved designated fund balance for the general fund was \$3,357,802 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.

(262) 862-9005 ADMINISTRATIVE OFFICE  
(262) 862-9004 BUILDING & GROUNDS

HOME OF THE WILMOT PANTHERS  
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(262) 862-2351 HIGH SCHOOL OFFICE  
(262) 862-9003 GUIDANCE OFFICE

**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 \$7,605,239 at the close of June 30, 2008.

<b>Wilmot Union High School District's Net Assets</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
Current and other assets	6,682,727	60,797	6,743,524
Capital assets	45,559,678	161,621	45,721,299
Total assets	52,242,405	222,418	52,464,823
Long-term liabilities outstanding	41,246,479	-	41,246,479
Other liabilities	3,591,685	21,420	3,613,105
Total liabilities	44,838,164	21,420	44,859,584
<b>Net assets:</b>			
Invested in capital assets, net of related debt	4,569,678	161,621	4,731,299
Restricted	1,330,517	4,923	1,335,440
Unrestricted	1,504,046	34,454	1,538,500
Total net assets	7,404,241	200,998	7,605,239

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.

<b>Wilmot Union High School District's Change in Net Assets</b>			
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for services	150,090	394,071	544,161
Operating grants and contributions	713,679	266,089	713,679
Capital grants and contributions	-	-	-
<b>General revenues:</b>			
Property taxes	9,556,671	-	9,556,671
Other taxes	-	-	-
Grants and contributions not restricted to specific programs	5,315,698	-	5,315,698
Interest and investment earnings	171,465	-	171,465
Other	(266,089)	-	(266,089)
<b>Total revenues</b>	<b>15,641,514</b>	<b>660,281</b>	<b>16,035,585</b>
<b>Expenses:</b>			
Instruction	8,143,000	-	8,143,000
Support Services	4,946,213	-	4,946,213
Interest on Debt	1,872,699	-	1,872,699
Depreciation – unallocated	1,208,227	-	1,208,227
Total Non-Program	571,254	-	571,254
School Food Service Program	-	587,293	587,293
Community service program	-	44,204	44,204
Other	-	-	-
<b>Total expenses</b>	<b>16,741,393</b>	<b>631,497</b>	<b>17,371,890</b>
<b>Decrease in net assets before transfers</b>	<b>(1,099,879)</b>	<b>28,784</b>	<b>(1,071,095)</b>
<b>Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Decrease in net assets</b>	<b>(1,099,879)</b>	<b>28,784</b>	<b>(1,071,095)</b>
<b>Net assets - July 1, 2007</b>	<b>8,504,120</b>	<b>172,214</b>	<b>8,676,334</b>
<b>Net assets - June 30, 2008</b>	<b>7,404,241</b>	<b>200,998</b>	<b>7,605,239</b>

- Total revenues increased by approximately \$55,000 during the year. Most of this increase came from the following areas:
  - (\$124,000) from Operating Grants and Contributions
  - \$585,000 from Property Taxes
  - (\$44,000) from Grants and Other Contributions not restricted to specific programs
  - (\$385,000) from Interest and Investment Earnings.
- Total expenditures increased by approximately \$1,985,000 during the year. Most of this increase was directed towards:
  - \$449,000 to Instruction
  - \$1,073,000 to Support Services
  - \$15,000 to Interest on Debt
  - \$397,000 to Depreciation – Unallocated
  - (\$34,000) to Total Non-Program
  - \$76,000 to Food Service Program
  - \$10,000 to Community Service Program

## **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, 2008, the District's governmental funds reported combined ending fund balances of \$5,382,207. 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, unrestricted fund balance of the general fund was \$0, while total fund balance reached \$3,418,849. 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. Unrestricted 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 \$159,000 during the current year. Key factors in this growth are as follows:

- Expenditures exceeded revenues.

The Debt Service Fund has a total fund balance of \$1,330,517. Of this fund balance, \$0 is unreserved and \$1,330,517 is reserved for retirement of long-term debt.

The Capital Projects Fund has a total fund balance of \$632,841. 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 \$196,075.

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 2007/2008.

During the year, actual revenues were less than budgeted revenues by \$9,731. Actual expenditures were more than budgeted expenditures by \$4,216.

### **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, 2008 amounts to \$45,721,299 (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 \$1,989,195 or 4.55% over last year.

<b>Wilmot Union High School District's Capital Assets</b> (net of accumulated depreciation)						
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$1,398,812	\$ 1,398,812	\$ -	\$ -	\$1,398,812	\$ 1,398,812
Land improvements	12,449	13,759	-	-	12,449	13,759
Buildings	42,907,368	40,945,023	-	-	42,907,368	40,945,023
Machinery and equipment	1,231,979	1,179,048	\$161,621	169,451	1,393,600	1,348,499
Vehicles	9,070	26,011	-	-	9,070	26,011
Construction in process	-	-	-	-	-	-
<b>Total</b>	<b>\$45,559,678</b>	<b>\$43,562,653</b>	<b>\$161,621</b>	<b>\$ 169,451</b>	<b>45,721,299</b>	<b>\$43,732,104</b>

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

<b>Wilmot Union High School District's Outstanding Debt</b> General Obligation Debt, Leases, and Early Retirement Payable						
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation debt:						
Bonds	\$40,990,000	\$41,415,000	\$ -	\$ -	\$40,990,000	\$41,415,000
State Trust Fund	-	111,743	-	-	-	111,743
<b>Total general obligation debt</b>	<b>40,990,000</b>	<b>41,526,743</b>	<b>-</b>	<b>-</b>	<b>40,990,000</b>	<b>41,526,743</b>
Early retirement incentive payable	921,479	655,279	-	-	921,479	655,279
<b>Total</b>	<b>\$41,911,479</b>	<b>\$42,182,022</b>	<b>-</b>	<b>-</b>	<b>41,911,479</b>	<b>\$42,182,022</b>

The District's total debt decreased by \$270,000 during the current fiscal year. The key factor in this decrease was the payoff of \$425,000 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 \$118,133,716, which is significantly in excess of the District's \$40,990,000 in outstanding general obligation debt.

#### **Economic Factors and Next Year's Budgets and Rates**

- Inflationary trends in our region compare favorably to national indices.
- Enrollment trends continue to add students to our enrollment count. Enrollment is currently increasing at the average annual rate of 2.52% over the past ten years.
- During the current year, unreserved fund balance in the general fund decreased to \$3,418,849. The District has appropriated \$160,095 of this amount for spending in the 2008-2009 fiscal year budget.
- The labor contract between the Wilmot Union High School District and the Wilmot Teachers Association expires on June 30, 2009.
- The labor contract between the Wilmot Union High School District and the Wilmot School Employees Association expired on June 30, 2008.

All of these factors were considered in preparing the District's budget for the 2008-2009 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 308<sup>th</sup> Avenue, Wilmot, WI 53192 (262) 862-9005.

## **BASIC FINANCIAL STATEMENTS**

**WILMOT UNION HIGH SCHOOL DISTRICT**

**Statement of Net Assets  
June 30, 2008**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ 3,164,579	\$ 17,678	\$ 3,182,257
Receivables:			
Taxes	3,198,072	-	3,198,072
Accounts	19,166	930	20,096
Internal balances	(28,368)	28,368	-
Due from other governments:			
Federal	70,551	10,695	81,246
State	128,514	-	128,514
Other	111,902	3,126	115,028
Inventories and prepaid items	18,311	-	18,311
<b>Total Current Assets</b>	<b>6,682,727</b>	<b>60,797</b>	<b>6,743,524</b>
<b>Capital Assets:</b>			
Land	1,398,812	-	1,398,812
Land improvements	95,460	-	95,460
Buildings	51,777,366	-	51,777,366
Machinery and equipment	2,433,785	260,099	2,693,884
Vehicles	20,731	-	20,731
Less: accumulated depreciation	(10,166,476)	(98,478)	(10,264,954)
<b>Total Noncurrent Assets</b>	<b>45,559,678</b>	<b>161,621</b>	<b>45,721,299</b>
<b>TOTAL ASSETS</b>	<b>52,242,405</b>	<b>222,418</b>	<b>52,464,823</b>
<b>LIABILITIES</b>			
Short-term notes payable	1,200,000	-	1,200,000
Accounts payable	41,949	20,805	62,754
Accrued payroll liabilities	33,291	615	33,906
Due to other governments	1,987	-	1,987
Accrued interest payable	650,702	-	650,702
Bond premiums, net	998,756	-	998,756
	2,926,685	21,420	2,948,105
Long-term obligations:			
Due within one year	665,000	-	665,000
Due in more than one year	41,246,479	-	41,246,479
<b>TOTAL LIABILITIES</b>	<b>44,838,164</b>	<b>21,420</b>	<b>44,859,584</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,569,678	161,621	4,731,299
Restricted for:			
Debt service	1,330,517	-	1,330,517
Unrestricted	1,504,046	39,377	1,543,423
<b>TOTAL NET ASSETS</b>	<b>\$ 7,404,241</b>	<b>\$ 200,998</b>	<b>\$ 7,605,239</b>

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, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Instruction	\$ 8,143,000	\$ 150,090	\$ 713,679	\$ (7,279,231)	\$ -	\$ (7,279,231)
Support services	4,946,213	-	-	(4,946,213)	-	(4,946,213)
Interest on debt	1,872,699	-	-	(1,872,699)	-	(1,872,699)
Depreciation - unallocated	1,208,227	-	-	(1,208,227)	-	(1,208,227)
Non-program	571,254	-	-	(571,254)	-	(571,254)
<b>Total Governmental Activities</b>	<b>16,741,393</b>	<b>150,090</b>	<b>713,679</b>	<b>(15,877,624)</b>	<b>-</b>	<b>(15,877,624)</b>
<b>Business-Type Activities</b>						
School food service program	587,293	394,071	219,846	-	26,624	26,624
General community service program	44,204	-	46,364	-	2,160	2,160
<b>Total Business-Type Activities</b>	<b>631,497</b>	<b>394,071</b>	<b>266,210</b>	<b>-</b>	<b>28,784</b>	<b>28,784</b>
<b>Total School District</b>	<b>\$ 17,372,890</b>	<b>\$ 544,161</b>	<b>\$ 933,525</b>	<b>(15,877,624)</b>	<b>28,784</b>	<b>(15,848,840)</b>
<b>General revenues</b>						
Property taxes, levied for general purposes				7,647,478	-	7,647,478
Property taxes, levied for debt service				1,909,193	-	1,909,193
State and federal aids not restricted to specific functions				5,315,698	-	5,315,698
Interest and investment earnings				171,465	-	171,465
Miscellaneous				(266,089)	-	(266,089)
<b>Total general revenues</b>				<b>14,777,745</b>	<b>-</b>	<b>14,777,745</b>
Change in net assets				(1,099,879)	28,784	(1,071,095)
<b>Net assets - beginning of year</b>				<b>8,504,120</b>	<b>172,214</b>	<b>8,676,334</b>
<b>Net assets - end of year</b>				<b>\$ 7,404,241</b>	<b>\$ 200,998</b>	<b>\$ 7,605,239</b>

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, 2008

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 1,546,853	\$ -	\$ 956,517	\$ 661,209	\$ -	\$ 3,164,579
Receivables:						
Taxes	2,824,072	-	374,000	-	-	3,198,072
Accounts	19,166	-	-	-	-	19,166
Due from other funds	91,844	-	-	-	-	91,844
Due from other governments:						
Federal	70,551	-	-	-	-	70,551
State	128,514	-	-	-	-	128,514
Other	-	109,455	-	-	2,447	111,902
Inventories and prepaid items	18,311	-	-	-	-	18,311
<b>TOTAL ASSETS</b>	<b>\$ 4,699,311</b>	<b>\$ 109,455</b>	<b>\$ 1,330,517</b>	<b>\$ 661,209</b>	<b>\$ 2,447</b>	<b>\$ 6,802,939</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Short-term notes payable	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000
Accounts payable	23,878	18,071	-	-	-	41,949
Accrued payroll liabilities	33,291	-	-	-	-	33,291
Accrued interest payable	23,293	-	-	-	-	23,293
Due to other funds	-	89,397	-	28,368	2,447	120,212
Due to other governments	-	1,987	-	-	-	1,987
<b>Total Liabilities</b>	<b>1,280,462</b>	<b>109,455</b>	<b>-</b>	<b>28,368</b>	<b>2,447</b>	<b>1,420,732</b>
<b>Fund Balances</b>						
<b>Reserved for</b>						
Inventory and prepaid items	18,311	-	-	-	-	18,311
Encumbrances	42,736	-	-	-	-	42,736
Retirement of long-term debt	-	-	1,330,517	-	-	1,330,517
Construction of assets	-	-	-	632,841	-	632,841
<b>Unreserved</b>						
Designated	3,357,802	-	-	-	-	3,357,802
<b>Total Fund Balances</b>	<b>3,418,849</b>	<b>-</b>	<b>1,330,517</b>	<b>632,841</b>	<b>-</b>	<b>5,382,207</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,699,311</b>	<b>\$ 109,455</b>	<b>\$ 1,330,517</b>	<b>\$ 661,209</b>	<b>\$ 2,447</b>	<b>\$ 6,802,939</b>

Reconciliation to Statement of Net Assets

Fund balance, as shown above	\$ 5,382,207
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.	45,559,678
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds	(40,990,000)
Bond premium	(998,756)
Early retirement benefits	(921,479)
Accrued interest on long-term obligations	(627,409)
<b>Net assets of governmental activities, as reported on the Statement of Net Assets (see page 10)</b>	<b>\$ 7,404,241</b>

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, 2008

	General	Special Education	Debt Service	Capital Projects	Non-major Cooperative Program	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 7,647,478	\$ -	\$ 1,909,193	\$ -	\$ -	\$ 9,556,671
Other local sources	240,089	-	32,369	70,099	-	342,557
Interdistrict sources	109,988	96,522	-	-	78,687	285,197
Intermediate sources	38,953	55,086	-	-	-	94,039
State sources	4,789,970	418,849	-	-	-	5,208,819
Federal sources	98,124	8,755	-	-	-	106,879
Other sources	36,371	-	-	10,981	-	47,352
<b>Total Revenues</b>	<b>12,960,973</b>	<b>579,212</b>	<b>1,941,562</b>	<b>81,080</b>	<b>78,687</b>	<b>15,641,514</b>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular instruction	4,472,412	-	-	54,583	-	4,526,995
Vocational instruction	1,216,521	-	-	28,940	-	1,245,461
Special education instruction	-	1,268,193	-	-	-	1,268,193
Co-curricular instruction	478,228	-	-	7,800	-	486,028
Other instruction	556,162	-	-	-	-	556,162
<b>Total Instruction</b>	<b>6,723,323</b>	<b>1,268,193</b>	<b>-</b>	<b>91,323</b>	<b>-</b>	<b>8,082,839</b>
<b>Support Services</b>						
Student services	848,221	170,150	-	-	-	1,018,371
Instructional staff services	397,003	55,895	-	2,370	126,711	581,979
General administration services	340,981	-	-	7,139	-	348,120
School administration services	395,509	-	-	-	-	395,509
Business services	233,262	-	-	2,611,172	-	2,844,434
Operation and maintenance of plant	1,680,069	-	-	-	-	1,680,069
Student transportation	402,883	75,254	-	-	-	478,137
Central services	228,559	-	-	132,776	-	361,335
Insurance	98,406	-	-	-	-	98,406
Other support services	139,065	-	-	-	-	139,065
Principal and interest	23,293	-	2,449,262	-	-	2,472,555
<b>Total Support Services</b>	<b>4,787,251</b>	<b>301,299</b>	<b>2,449,262</b>	<b>2,753,457</b>	<b>126,711</b>	<b>10,417,980</b>
<b>Non-program</b>						
General tuition payments	427,428	141,839	-	-	-	569,267
Other non-program transactions	-	1,987	-	-	-	1,987
<b>Total non-program</b>	<b>427,428</b>	<b>143,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>571,254</b>
<b>Total Expenditures</b>	<b>11,938,002</b>	<b>1,713,318</b>	<b>2,449,262</b>	<b>2,844,780</b>	<b>126,711</b>	<b>19,072,073</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,022,971</b>	<b>(1,134,106)</b>	<b>(507,700)</b>	<b>(2,763,700)</b>	<b>(48,024)</b>	<b>(3,430,559)</b>
<b>Other Financing Sources (Uses)</b>						
Net transfers in (out)	(1,182,130)	1,134,106	118,539	(118,539)	48,024	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,182,130)</b>	<b>1,134,106</b>	<b>118,539</b>	<b>(118,539)</b>	<b>48,024</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>(159,159)</b>	<b>-</b>	<b>(389,161)</b>	<b>(2,882,239)</b>	<b>-</b>	<b>(3,430,559)</b>
<b>Fund balances - beginning of year</b>	<b>3,578,008</b>	<b>-</b>	<b>1,719,678</b>	<b>3,515,080</b>	<b>-</b>	<b>8,812,766</b>
<b>Fund balances - end of year</b>	<b>\$ 3,418,849</b>	<b>\$ -</b>	<b>\$ 1,330,517</b>	<b>\$ 632,841</b>	<b>\$ -</b>	<b>\$ 5,382,207</b>

(continued)

**WILMOT UNION HIGH SCHOOL DISTRICT**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
(Continued)  
Year ended June 30, 2008

Reconciliation to Statement of Activities

Net Change in Fund Balances - Total Governmental Funds from the previous page \$ (3,430,559)

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	\$ 3,216,992	
Depreciation expense reported in the statement of activities	<u>(1,208,227)</u>	
Amount by which the capital outlays in current period is greater than depreciation		2,008,765

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

Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ -	
Loss on the disposition reported on the statement of activities	<u>(11,740)</u>	
Cost of assets disposed of		(11,740)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: (266,199)

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

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: 536,743

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. 7,749

Change in Net Assets of Governmental Activities,  
as reported in the Statement of Activities (see page 11) \$ (1,099,879)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 7,651,809	\$ 7,651,809	\$ 7,647,478	\$ (4,331)
Other local sources	265,550	265,550	240,089	(25,461)
Interdistrict sources	132,391	132,391	109,988	(22,403)
Intermediate sources	32,150	32,150	38,953	6,803
State sources	4,777,902	4,777,902	4,789,970	12,068
Federal sources	99,902	99,902	98,124	(1,778)
Other sources	11,000	11,000	36,371	25,371
<b>Total Revenues</b>	<b>12,970,704</b>	<b>12,970,704</b>	<b>12,960,973</b>	<b>(9,731)</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular instruction	4,497,129	4,497,129	4,472,412	24,717
Vocational instruction	1,193,188	1,193,188	1,216,521	(23,333)
Co-curricular education	466,144	466,144	478,228	(12,084)
Other instruction	548,988	548,988	556,162	(7,174)
<b>Total Instruction</b>	<b>6,705,449</b>	<b>6,705,449</b>	<b>6,723,323</b>	<b>(17,874)</b>
<b>Support Services</b>				
Student services	882,090	882,090	848,221	33,869
Instructional staff services	352,689	352,689	397,003	(44,314)
General administration services	353,160	353,160	340,981	12,179
School administration services	446,010	446,010	395,509	50,501
Business services	239,249	239,249	233,262	5,987
Operation and maintenance of plant	1,641,985	1,641,985	1,680,069	(38,084)
Student transportation	382,188	382,188	402,883	(20,695)
Central services	259,888	259,888	228,559	31,329
Insurance	90,091	90,091	98,406	(8,315)
Other support services	97,805	97,805	139,065	(41,260)
Interest on debt	-	-	23,293	(23,293)
<b>Total Support Services</b>	<b>4,745,155</b>	<b>4,745,155</b>	<b>4,787,251</b>	<b>(42,096)</b>
<b>Non-program</b>				
General tuition payments	483,182	483,182	427,428	55,754
<b>Total non-program</b>	<b>483,182</b>	<b>483,182</b>	<b>427,428</b>	<b>55,754</b>
<b>Total Expenditures</b>	<b>11,933,786</b>	<b>11,933,786</b>	<b>11,938,002</b>	<b>(4,216)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,036,918</b>	<b>1,036,918</b>	<b>1,022,971</b>	<b>(13,947)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,103,346)	(1,103,346)	(1,182,130)	(78,784)
<b>Total Other Financing Uses</b>	<b>(1,103,346)</b>	<b>(1,103,346)</b>	<b>(1,182,130)</b>	<b>(78,784)</b>
<b>Net Change in Fund Balance</b>	<b>(66,428)</b>	<b>(66,428)</b>	<b>(159,159)</b>	<b>(92,731)</b>
Fund balance - beginning of year	3,578,008	3,578,008	3,578,008	-
<b>Fund balance - end of year</b>	<b>\$ 3,511,580</b>	<b>\$ 3,511,580</b>	<b>\$ 3,418,849</b>	<b>\$ (92,731)</b>

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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interdistrict sources	\$ 98,170	\$ 98,170	\$ 96,522	\$ (1,648)
Intermediate sources	40,600	40,600	55,086	14,486
State sources	418,500	418,500	418,849	349
Federal sources	7,500	7,500	8,755	1,255
<b>Total Revenues</b>	<b>564,770</b>	<b>564,770</b>	<b>579,212</b>	<b>14,442</b>
<b>Expenditures</b>				
Instruction				
Special education instruction	1,213,965	1,213,965	1,268,193	(54,228)
Support services				
Student services	125,988	125,988	170,150	(44,162)
Instructional staff services	64,678	64,678	55,895	8,783
Student transportation services	91,250	91,250	75,254	15,996
<b>Total Support Services</b>	<b>281,916</b>	<b>281,916</b>	<b>301,299</b>	<b>(19,383)</b>
Non-program				
General tuition payments	125,982	125,982	141,839	(15,857)
Other non-program transactions	-	-	1,987	(1,987)
<b>Total non-program</b>	<b>125,982</b>	<b>125,982</b>	<b>143,826</b>	<b>(17,844)</b>
<b>Total Expenditures</b>	<b>1,621,863</b>	<b>1,621,863</b>	<b>1,713,318</b>	<b>(91,455)</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(1,057,093)</b>	<b>(1,057,093)</b>	<b>(1,134,106)</b>	<b>(77,013)</b>
<b>Other Financing Sources</b>				
Transfers in	1,057,093	1,057,093	1,134,106	77,013
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2008

	Food Service	General Community Service	Total
<b>ASSETS</b>			
Cash and investments	\$ 13,070	\$ 4,608	\$ 17,678
Accounts receivable	-	930	930
Due from other funds	28,368	-	28,368
Due from other governments:			
Federal	10,695	-	10,695
Other	3,126	-	3,126
<b>Total Current Assets</b>	<b>55,259</b>	<b>5,538</b>	<b>60,797</b>
Capital assets			
Machinery and equipment	260,099	-	260,099
Less accumulated depreciation	(98,478)	-	(98,478)
<b>Total Noncurrent Assets</b>	<b>161,621</b>	<b>-</b>	<b>161,621</b>
<b>TOTAL ASSETS</b>	<b>216,880</b>	<b>5,538</b>	<b>222,418</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	20,805	-	20,805
Accrued salaries and related items	-	615	615
<b>Total Current Liabilities</b>	<b>20,805</b>	<b>615</b>	<b>21,420</b>
<b>NET ASSETS</b>			
Invested in capital assets	161,621	-	161,621
Unrestricted	34,454	4,923	39,377
<b>TOTAL NET ASSETS</b>	<b>\$ 196,075</b>	<b>\$ 4,923</b>	<b>\$ 200,998</b>

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 Net Assets -  
Nonmajor Proprietary Fund  
Year ended June 30, 2008

	Food Service	General Community Service	Total
<b>Operating Revenues</b>			
Food sales and user charges	\$ 394,071	\$ -	\$ 394,071
Local sources	-	46,364	46,364
State sources	4,610	-	4,610
Intermediate sources	141,778	-	141,778
Federal sources	73,458	-	73,458
<b>Total Operating Revenues</b>	<b>613,917</b>	<b>46,364</b>	<b>660,281</b>
<b>Operating Expenses</b>			
Purchased services	564,624	300	564,924
Salaries and related items	7,287	38,441	45,728
Supplies and materials	-	5,463	5,463
Depreciation expense	15,382	-	15,382
<b>Total Operating Expenses</b>	<b>587,293</b>	<b>44,204</b>	<b>631,497</b>
<b>Change in net assets</b>	<b>26,624</b>	<b>2,160</b>	<b>28,784</b>
<b>Net assets - beginning of year</b>	<b>169,451</b>	<b>2,763</b>	<b>172,214</b>
<b>Net assets - end of year</b>	<b>\$ 196,075</b>	<b>\$ 4,923</b>	<b>\$ 200,998</b>

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, 2008

	Food Service	General Community Service	Total
<b>Cash Provided by Operating Activities</b>			
Cash received from user charges	\$ 395,331	\$ -	\$ 395,331
Cash received from other government payments	230,063	45,434	275,497
Cash payments to employees	(7,287)	(38,414)	(45,701)
Cash payments to suppliers	(597,485)	(5,763)	(603,248)
<b>Net Cash Provided by Operating Activities</b>	<u>20,622</u>	<u>1,257</u>	<u>21,879</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(7,552)	-	(7,552)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(7,552)</u>	<u>-</u>	<u>(7,552)</u>
<b>Net Change in Cash and Cash Equivalents</b>	13,070	1,257	14,327
Cash and cash equivalents - beginning of year	-	3,351	3,351
<b>Cash and cash equivalents - end of year</b>	<u>\$ 13,070</u>	<u>\$ 4,608</u>	<u>\$ 17,678</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 26,624	\$ 2,160	\$ 28,784
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	15,382	-	15,382
Changes in assets and liabilities			
Accounts receivable	1,260	(930)	330
Due from other funds	(7,346)	-	(7,346)
Due from other governments:			
Federal	(1,331)	-	(1,331)
Other	18,894	-	18,894
Accounts payable	(32,861)	-	(32,861)
Accrued salaries and related items	-	27	27
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 20,622</u>	<u>\$ 1,257</u>	<u>\$ 21,879</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, 2008**

	Private-Benefit Trust	Agency Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 32,153	\$ 117,692
Investments	59,400	-
<b>TOTAL ASSETS</b>	<u>91,553</u>	<u>117,692</u>
<b>LIABILITIES</b>		
Current liabilities		
Due to student organizations	-	117,692
<b>NET ASSETS</b>		
Reserved for scholarships	<u>\$ 91,553</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, 2008**

	<b>Private-Benefit Trust</b>
<b>ADDITIONS</b>	
Private donations	\$ 40,291
Earnings on investments	1,694
Total Additions	<u>41,985</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	<u>8,925</u>
Change in Net Assets	33,060
Net Assets - July 1	<u>58,493</u>
Net Assets - June 30	<u>\$ 91,553</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, 2008

### 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, 2008

**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, 2008

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 in the financial statements. 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" in the financial statements.

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, 2008

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

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

e. Compensated Absences

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

f. Deferred Revenue

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

g. Long-term Obligations

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

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

h. Fund Equity

**GOVERNMENTAL 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, 2008

**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, 2008

The school district did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2008.

**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 \$3,391,502 on June 30, 2008 as summarized below:

Deposits with financial institutions	\$ 201,779
Investments	
Wisconsin Local Government Investment Pool	2,510,697
WISC Investment Series	679,026
	\$ 3,391,502

Reconciliation to the basic financial statements:

Basic financial statements	\$ 3,182,257
Fiduciary funds	
Private-benefit trust fund	91,553
Agency fund	117,692
	\$ 3,391,502

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 risk 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, 2008

As of June 30, 2008, none 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. The District does not have an additional credit risk policy. 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	\$ 2,510,697	\$ -	\$ -	\$ -	\$ 2,510,697
WISC Investment Series - Money Market Account	679,026	-	-	-	679,026
<b>Totals</b>	<b>\$ 3,189,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,189,723</b>

**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	\$ 679,026	21%

**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	\$ 2,510,697	\$ 2,510,697	\$ -	\$ -	\$ -
WISC Investment Series - Money Market Account	679,026	679,026	-	-	-
<b>Totals</b>	<b>\$ 3,189,723</b>	<b>\$ 3,189,723</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## WILMOT UNION HIGH SCHOOL DISTRICT

Wilmot, Wisconsin

Notes to Basic Financial Statements

June 30, 2008

### Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$2,510,697 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, 2008, 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 \$679,026 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, 2008

3. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,398,812	-	-	\$1,398,812
Total capital assets, not being depreciated	1,398,812	-	-	1,398,812
Capital assets, being depreciated:				
Land improvements	95,460	-	-	95,460
Buildings	48,814,046	2,963,320	-	51,777,366
Machinery and equipment	2,445,665	253,672	(265,552)	2,433,785
Vehicles	41,603	-	(20,872)	20,731
Subtotals	51,396,774	3,216,992	(286,424)	54,327,342
Less accumulated depreciation for:				
Land improvements	(81,701)	(1,311)	-	(83,012)
Buildings	(7,869,023)	(1,000,975)	-	(8,869,998)
Machinery and equipment	(1,266,617)	(200,741)	265,552	(1,201,806)
Vehicles	(15,592)	(5,200)	9,132	(11,660)
Subtotals	(9,232,933)	(1,208,227)	274,684	(10,166,476)
Total capital assets, being depreciated, net	42,163,841	2,008,765	(11,740)	44,160,866
Governmental activities capital assets, net	<u>\$ 43,562,653</u>	<u>\$ 2,008,765</u>	<u>\$ (11,740)</u>	<u>\$ 45,559,678</u>
Less related long-term debt outstanding				<u>(40,990,000)</u>
Invested in capital assets, net of related debt				<u>\$ 4,569,678</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 252,547	\$ 7,552	\$ -	\$ 260,099
Less accumulated depreciation for:				
Machinery and equipment	(83,096)	(15,382)	-	(98,478)
Total capital assets, being depreciated, net	169,451	(7,830)	-	161,621
Governmental activities capital assets, net	<u>\$ 169,451</u>	<u>\$ (7,830)</u>	<u>\$ -</u>	<u>\$ 161,621</u>
Less related long-term debt outstanding				-
Invested in capital assets, net of related debt				<u>\$ 161,621</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, 2008

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, 2008 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 91,844	\$ -
Special Revenue Funds		
Special Education Fund	-	89,397
Capital Projects	-	28,368
Cooperative Program Fund	-	2,447
Food Service	28,368	-
Totals	\$ 120,212	\$ 120,212

Interfund transfers for the year ended June 30, 2008 were as follows:

	Special Education Fund	Debt Service Fund	Cooperative Program	TOTAL
Transfers from:				
General fund	\$ 1,134,106	\$ -	\$ 48,024	\$ 1,182,130
Capital projects	-	118,539	-	118,539
Total	\$ 1,134,106	\$ 118,539	\$ 48,024	\$ 1,300,669

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, 2008:

	Outstanding 7/1/07	Issued	Retired	Outstanding 6/30/08	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$41,415,000	\$ -	\$ (425,000)	\$40,990,000	\$ 665,000
State Trust Fund Loan	111,743	-	(111,743)	-	-
Total General Obligation Debt	41,526,743	-	(536,743)	40,990,000	665,000
Early retirement incentive payable	655,279	387,427	(121,227)	921,479	-
Governmental activities Long-term obligations	\$42,182,022	\$ 387,427	\$ (657,970)	\$41,911,479	\$ 665,000

Total interest paid during the year on long-term debt totaled \$1,912,519.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2008

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

<b>Bonds</b>		
\$7,145,000 issued 6/18/04; \$599,863 to \$1,769,250 due annually through 2024; interest 3.0% to 5.0%	\$	6,655,000
\$35,410,000 issued 10/15/04; \$1,730,860 to \$4,950,750 due annually through 2024; interest 2.0% to 5.0%		34,335,000
<b>Total Outstanding General Obligation Debt</b>		<b>\$ 40,990,000</b>

Annual principal and interest maturities of the outstanding general obligation debt of \$40,990,000 on June 30, 2008 are detailed below:

Year Ended June 30	Principal	Interest	Total
2009	\$ 665,000	\$ 1,892,598	\$ 2,557,598
2010	890,000	1,867,398	2,757,398
2011	1,165,000	1,833,148	2,998,148
2012	1,380,000	1,786,548	3,166,548
2013	1,595,000	1,729,023	3,324,023
2014-2018	11,890,000	7,321,083	19,211,083
2019-2023	18,690,000	3,948,575	22,638,575
2024	4,715,000	235,750	4,950,750
	<b>\$ 40,990,000</b>	<b>\$ 20,614,123</b>	<b>\$ 61,604,123</b>

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, 2008 was \$78,474,233 as follows:

Equalized valuation of the District	\$2,362,674,315
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	118,133,716
Total outstanding general obligation debt applicable to debt limitation	40,990,000
Less amount available for financing general obligation debt in debt service fund	(1,330,517)
Net amount outstanding general obligation debt applicable to debt limitation	39,659,483
<b>Legal Margin for New Debt</b>	<b>\$ 78,474,233</b>

Early Retirement Program

In addition to the district's retirement plan mentioned in Note D.1, 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 Wisconsin Retirement System 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, 2008, there were ten participants in the program and a liability of \$921,479 had been recorded in the District-wide statement of net assets as an estimate of future payments under the Plan.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2008

**NOTE D - OTHER INFORMATION**

1. Retirement Commitments

All eligible District employees participate in the Wisconsin Retirement System (WRS), 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 WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.0% of their salary to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for District employees covered by the WRS for the year ended June 30, 2008 was \$6,958,982; the employer's total payroll was \$7,290,040. The total required contribution for the year ended June 30, 2008 was \$737,652, which consisted of \$320,113 (4.6% of payroll from July 1, 2007 through June 30, 2008) from the employer and \$417,539 (6.0% of payroll from July 1, 2007 through June 30, 2008) of covered payroll from employees. The required contribution for employees for the year ended June 30, 2008 was financed by the District. Total contributions for the years ending June 30, 2007 and 2006 were \$667,652 and \$617,273 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) 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 and submitting application 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 WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS 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.

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Notes to Basic Financial Statements  
June 30, 2008

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, 2008**

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
<b>ASSETS</b>				
Cash	\$ 87,098	\$ 312,642	\$ 282,048	\$ 117,692
<b>LIABILITIES</b>				
Due to student organizations				
Due to Student Organizations	\$ 87,098	\$ 312,642	\$ 282,048	\$ 117,692

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

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

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 19, 2008. 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 summary of audit results 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. However, of the significant deficiencies described in the accompanying summary of audit results, we consider item 08-01 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*.

The Wilmot Union High School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Wilmot Union High School District's responses and, accordingly, we express no opinion on them.

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 19, 2008

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Summary of Audit Results  
For the Year Ended June 30, 2008

**Section I - Internal Control Over Financial Reporting**

Finding No.	Control Deficiencies
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**08-01                    Segregation of Duties**

**Condition:** The District has the Business Manager position to essentially complete all financial and recordkeeping duties of the general District's operations. Accordingly, this does not allow for a proper segregation of duties for internal control purposes.

**Criteria:** Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.

**Cause:** The lack of segregation of duties is due to the limited number of employees and the size of District's operations.

**Recommendation:** We recommend the Board of Education continue to monitor the transactions and the financial records of the District.

**Management Response:** Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.

**08-02                    Year End Closing and Financial Reporting**

**Condition:** While the current staff of the District maintain financial records which accurately report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes, and financial reports require additional expertise that would entail additional training and staff time to develop. The District contracts with Schenck and their knowledge of current accounting principles and regulatory requirements related to federal and state single audits to prepare required journal entries and financial reports for the District in an efficient manner.

**Criteria:** The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

**Cause:** The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

**Recommendation:** We recommend the District continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the District is necessary to obtain an adequate understanding of the District's financial report.

**Management Response:** Management believes the cost of additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received.

**Section II**

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended June 30, 2008.

## **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, 2008. 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, 2008.

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 certain deficiencies in internal control of compliance that we consider to be significant deficiencies.

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 deficiencies in internal control over compliance described in the accompanying summary of audit results as items 08-1 and 08-2 to be significant deficiencies.

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 deficiencies described in the accompanying summary of audit results to be material weaknesses.

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 19, 2008



**Wilmot Union High School**

**Schedule of Expenditures of Federal Awards  
June 30, 2008**

Awarding Agency/Pass-Through Agency/Award Description	Federal Catalog Number	Program or Award Amount	Revenues		Expendi- tures	Accrued Receivable 6/30/08
			Accrued Receivable 7/1/07	Grantor Reimburse- ments		
<b>U.S. Department of Education</b>						
Wisconsin Department of Public Instruction						
ESEA Title I Basic Grant (Chapter 1)	84.010					
July 1, 2006 to June 30, 2007		\$ -	\$ 39,110	\$ 39,110	\$ -	\$ -
July 1, 2007 to June 30, 2008		71,676	-	27,573	71,676	44,103
ESEA Title II-A Quality Teachers and Principals	84.367					
July 1, 2006 to June 30, 2007		-	22,644	22,644	-	-
July 1, 2007 to June 30, 2008		21,925	-	-	21,925	21,925
ESEA Title II-D Enhancing Education through Technology	84.318					
July 1, 2006 to June 30, 2007		-	411	411	-	-
July 1, 2007 to June 30, 2008		744	-	-	744	744
ESEA Title IV-A Drug Free Schools and Communities	84.186					
July 1, 2006 to June 30, 2007		-	3,208	3,208	-	-
July 1, 2007 to June 30, 2008		2,583	-	-	2,583	2,583
ESEA Title V-A Innovative Programs	84.298					
July 1, 2006 to June 30, 2007		-	698	698	-	-
July 1, 2007 to June 30, 2008		1,196	-	-	1,196	1,196
High Cost Special Education Aid	84.027					
July 1, 2007 to June 30, 2008		8,755	-	8,755	8,755	-
<b>Total U.S. Department of Education</b>			<b>68,071</b>	<b>102,399</b>	<b>106,879</b>	<b>70,551</b>
<b>U.S. Department of Agriculture</b>						
Food Service Aid - Breakfast	10.553					
July 1, 2007 to June 30, 2008		9,346	-	9,346	9,346	-
Food Service Aid - Lunch	10.555					
July 1, 2006 to June 30, 2007		-	9,364	9,364	-	-
July 1, 2007 to June 30, 2008		64,112	-	53,417	64,112	10,695
<b>Total U.S. Department of Agriculture</b>			<b>9,364</b>	<b>72,127</b>	<b>73,458</b>	<b>10,695</b>
<b>Total Federal Assistance</b>			<b>\$ 75,435</b>	<b>\$ 174,526</b>	<b>\$ 180,337</b>	<b>\$ 81,246</b>

See notes to the Schedule of Expenditures of Federal Awards.

Wilmot Union High School

Schedule of State Financial Assistance  
June 30, 2008

Awarding Agency/Pass-Through Agency/Award Description	State I.D. Number	Accrued Receivable 7/1/07	Revenues State Reimbursements	Expenditures	Accrued Receivable 6/30/08
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>					
<u>Entitlement Programs</u>					
<u>Major state programs</u>					
General equalization	255.201	\$ 78,856	\$ 4,678,489	\$ 4,677,156	\$ 77,523
Special education and school age parents:	255.101	-	402,882	402,882	-
Total major programs		78,856	5,081,371	5,080,038	77,523
<u>Nonmajor state programs</u>					
Common School Fund	255.103	-	56,580	56,580	-
Pupil transportation	255.107	-	37,332	37,332	-
High Cost Special Education Aid	255.210	-	15,967	15,967	-
State Breakfast	255.344	-	1,381	1,381	-
State Lunch	255.102	-	3,658	3,658	-
STEM Girl Power Science Grant	255.929	-	-	4,900	4,900
Mentoring Grants for Initial Educators	255.355	-	750	750	-
Total nonmajor programs		-	115,668	120,568	4,900
<b>WISCONSIN DEPARTMENT OF REVENUE</b>					
Exempt Computer Aid	N/A	-	-	7,138	7,138
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>					
Chapter 70.114 Aid	N/A	-	6,114	6,114	-
Total State Assistance		\$ 78,856	\$ 5,203,153	\$ 5,213,858	\$ 89,561

See notes to Schedule of State Financial Assistance.

**WILMOT UNION HIGH SCHOOL DISTRICT**

Wilmot, Wisconsin

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
Year Ended June 30, 2008

**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 *Wisconsin School District Audit Manual*. 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**

2007-2008 eligible costs under the State Special Education Program are \$1,371,515.

**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  
Summary of Audit Results  
Year Ended June 30, 2008

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• 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> ?	Yes

Identification of major state program:

**Section II – Financial Statement Findings**

Finding 2008-01: Segregation of Duties

Finding 2008-02: Year-end Closing and Financial Reporting

**Section III – State Financial Assistance Findings**

Finding 2008-01: Segregation of Duties

Finding 2008-02: Year-end Closing and Financial Reporting

**WILMOT UNION HIGH SCHOOL DISTRICT**  
Wilmot, Wisconsin  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
June 30, 2008

**Status of Prior Year Audit Finding**

The finding 07-1 noted in the 2007 Schedule of Findings and Questioned Costs has been reported to the proper state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2007-01 outweighs the benefits to be received. Management reviews the financial report and the single audit report prepared by Schenck.

**Corrective Action Plan for Audit Findings**

See management responses at page 38.